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Programme and Budget Committee

Eleventh session
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Item 8 of the provisional agenda

WORKING CAPITAL FUND FOR THE BIENNIUM 1996-1997

Proposals by the Director-General

Summary

On the basis of experience gathered in the biennium 1994-1995, makes proposals on the level and authorized purposes of the Working Capital Fund for the biennium 1996-1997.

Introduction

1. In accordance with financial regulation 5.4(a), the Programme and Budget Committee should recommend to the Industrial Development Board the amount and purposes of the Working Capital Fund.

2. Financial regulation 5.4(b) stipulates that "the sources of moneys for the Fund shall be advances from Members, which shall be made in the proportion of the scale of assessments established by the Conference for the contributions of Members to the regular budget. The advances shall be carried to the credit of the respective Members who made the advances."

I. BIENNIUM 1994-1995

3. In its decision GC.5/Dec.16, the General Conference decided that the level of the Working Capital Fund should be $9 million and that the authorized purposes of the Fund for the 1994-1995 biennium should remain the same as those for the 1992-1993 biennium, i.e. as stipulated in Conference decision GC.2/Dec.27, paragraph (b). Accordingly, the Conference authorized the Director-General to advance from the Fund during the 1994-1995 biennium:

"(i) Such sums as might be necessary to finance budgetary appropriations pending the receipt of contributions; sums so advanced should be reimbursed as soon as receipts from contributions were available for that purpose;

"(ii) Such sums as might be necessary to finance unforeseen and extraordinary expenses, excluding expenditures intended to compensate for any losses caused by fluctuation in exchange rates; for sums so advanced, the Director-General should make provision in the budget estimates for reimbursing the Working Capital Fund."

4. As stated in financial regulation 5.5(d), advances to the Working Capital Fund shall be assessed and paid in United States dollars.

5. As of 31 December 1994, paid advances from Member States to the Working Capital Fund totalled $8,812,515. On 1 January 1994, the cash balance in the Working Capital Fund amounted to $8,896,200. During 1994, cash balances in the general fund remained adequate to meet shortfalls in the collection of assessed contributions, mainly as a result of the decision of the General Conference to suspend temporarily financial regulations 4.2(b) and 4.2(c) with respect to the 1988-1989 and 1990-1991 bienniums to allow UNIDO

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to retain the unutilized balance of the appropriations (cf. decisions GC.4/Dec.15, para. (d) and GC.5/Dec.14, para. (e)). There was thus no need to make withdrawals from the Working Capital Fund during 1994. Taking into account other adjustments in 1994 related to changes in rates of assessment for some Member States and a refund of its Working Capital Fund advance to Canada, the cash balance in the Fund as of 31 December 1994 remained $8,812,515.

6. Present cash flow estimates indicate that withdrawals to cover shortfalls in the collection of assessed contributions are unlikely to occur before the end of 1995.

II. PROPOSALS FOR THE BIENNIUM 1996-1997

7. It is proposed that the current level of the Working Capital Fund of $9 million and the authorized purposes of the Fund for 1996-1997 continue to be those established by the Conference in its decision GC.2/Dec.27, paragraph (b).

8. On the basis of experience gathered since the 1986-1987 biennium, the Director-General assumes that most Member States will continue to meet their obligations and that others will endeavour to improve their payments of outstanding contributions. However, the Director-General continues to be concerned about the impact on the programme of work caused by unforeseen disruptions in the pattern of payments of assessed contributions and the consequent need to finance such requirements from the Working Capital Fund.

III. ACTION REQUIRED BY THE COMMITTEE

9. The Committee may wish to recommend to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Recommends to the General Conference that the level of the Working Capital Fund and the authorized purposes of the Fund for the 1996-1997 biennium remain the same as for the 1994-1995 biennium, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b);

"(b) Urges Member States to pay their outstanding assessed contributions as soon as possible to minimize the need to withdraw sums to meet shortfalls in the payment of assessed contributions."

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SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE REGULAR BUDGET EXPENSES

Scale of assessments for the fiscal period 1996-1997

Note by the Secretariat

1. In accordance with Article 15.1 of the Constitution of UNIDO, "regular budget expenditures shall be borne by the Members, as apportioned in accordance with a scale of assessments established by the Conference by a two-thirds majority of the Members present and voting, upon the recommendation of the Board adopted by a two-thirds majority of the Members present and voting, on the basis of a draft prepared by the Programme and Budget Committee."

2. Article 15.2 states that "the scale of assessments shall be based to the extent possible on the scale most recently employed by the United Nations. No Member shall be assessed more than 25 per cent of the regular budget of the Organization."

3. On 23 December 1994, the General Assembly adopted resolution 49/19 B, in which a new United Nations scale of assessments was approved for the years 1995, 1996 and 1997 with respect to rates of assessments of Member States as contained in General Assembly document A/49/673/Add.1 on the scale of assessments for the apportionment of the expenses of the United Nations. The new United Nations scale of assessments incorporates, *inter alia*, a gradual approach to the phasing out of the scheme of limits over the three years of the 1995-1997 scale period. The proposed scale of assessments for contributions to the UNIDO regular budget for the 1996-1997 biennium is therefore based, to the extent possible, on United Nations General Assembly resolution 49/19 B. 1/ Of the 166 States that are Members of UNIDO in accordance with Articles 3, 24 and 25 of the Constitution, 85 have exactly the same assessment in 1996 and 1997 under both the United Nations scale and the proposed UNIDO scale.

4. Adjustments to the scale to include any State that becomes a Member between now and the closure of the sixth session of the General Conference in accordance with Articles 3, 24 and 25 of the Constitution will be communicated to the Conference.

1/ Assessments for 1995 are in accordance with General Conference decision GC.5/Dec.13.

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5. The application of the assessment rates adopted by the General Assembly for the years 1996 and 1997 to Members of UNIDO in 1996 and 1997 produces a total of 97.1375 per cent and 97.15 per cent, respectively, owing to differences in membership between the United Nations and UNIDO (see annex). To produce a scale of assessments that covers 100 per cent of regular budget expenditures, it is necessary to apply a mathematical coefficient to the United Nations rates for UNIDO Member States. The coefficient, which is not applied to the rates of United Nations Member States paying the minimum assessment of 0.01 per cent or the rate of the United Nations Member State paying at the maximum of 25.00 per cent, is calculated in the table below.

6. Column (5) of the annex to the present note shows the adjusted rates for the scale of assessments for the year 1996 for States that were Members of UNIDO as of 31 January 1995, by applying the coefficient 1.040149 as explained in paragraph 5 above. Column (6) shows the adjusted rates for the year 1997 based on the same membership by applying the coefficient 1.039966.

7. In accordance with financial regulation 5.6, new Members will be assessed for the year in which they become Members on the basis of the United Nations scale of assessments.

ACTION REQUIRED BY THE COMMITTEE

8. The Committee may wish to propose to the Industrial Development Board that it recommend to the General Conference the establishment of a scale of assessments for the 1996-1997 biennium based on General Assembly resolution 49/19 B to be adjusted to the membership of UNIDO. In accordance with financial regulation 5.6, new Members shall be assessed for the year in which they become Members on the basis of the United Nations scale of assessments as applicable to UNIDO.

Calculation of coefficient

(Percentage)

	United Nations rate of assessment		UNIDO rate of assessment	
	1996	1997	1996	1997
Total	97.1375	97.15	100.00	100.00
For the Member State bearing the highest assessment	25.0000	25.00	25.00	25.00
For the 84 Member States bearing the lowest assessment (84 x 0.01 per cent)	0.8400	0.84	0.84	0.84
	25.8400	25.84	25.84	25.84
Total for calculation of coefficient	71.2975	71.31	74.16	74.16

1996 coefficient 74.16/71.2975 = 1.040149

1997 coefficient 74.16/71.31 = 1.039966

Annex

SCALE OF ASSESSMENTS FOR 1996 and 1997

(Percentage)

	UNITED NATIONS				UNIDO	
	Rates for Member States a/	Rates for non-Member States b/	Rates for Member States a/	Rates for non-Member States b/	Rates for Member States: (1) or (2) multiplied by co-efficient 1.040149 c/	Rates for Member States: (3) or (4) multiplied by co-efficient 1.039966 c/
	1996		1997		1996	1997
Member States	(1)	(2)	(3)	(4)	(5)	(6)
Afghanistan	0.0100		0.01		0.0100	0.01
Albania	0.0100		0.01		0.0100	0.01
Algeria	0.1600		0.16		0.1664	0.17
Angola	0.0100		0.01		0.0100	0.01
Argentina	0.4800		0.48		0.4993	0.50
Armenia	0.0550		0.05		0.0572	0.05
Australia	1.4800		1.48		1.5394	1.54
Austria	0.8650		0.87		0.8997	0.90
Azerbaijan	0.1175		0.11		0.1222	0.11
Bahamas	0.0200		0.02		0.0208	0.02
Bahrain	0.0200		0.02		0.0208	0.02
Bangladesh	0.0100		0.01		0.0100	0.01
Barbados	0.0100		0.01		0.0100	0.01
Belarus	0.2925		0.28		0.3042	0.29
Belgium	1.0075		1.01		1.0480	1.05
Belize	0.0100		0.01		0.0100	0.01
Benin	0.0100		0.01		0.0100	0.01
Bhutan	0.0100		0.01		0.0100	0.01
Bolivia	0.0100		0.01		0.0100	0.01
Bosnia and Herzegovina	0.0125		0.01		0.0130	0.01
Botswana	0.0100		0.01		0.0100	0.01
Brazil	1.6200		1.62		1.6850	1.68
Bulgaria	0.0825		0.08		0.0858	0.08
Burkino Faso	0.0100		0.01		0.0100	0.01
Burundi	0.0100		0.01		0.0100	0.01
Cameroon	0.0100		0.01		0.0100	0.01
Cape Verde	0.0100		0.01		0.0100	0.01
Central African Republic	0.0100		0.01		0.0100	0.01
Chad	0.0100		0.01		0.0100	0.01
Chile	0.0800		0.08		0.0832	0.08
China	0.7350		0.74		0.7645	0.77
Colombia	0.1000		0.10		0.1040	0.10
Comoros	0.0100		0.01		0.0100	0.01
Congo	0.0100		0.01		0.0100	0.01
Costa Rica	0.0100		0.01		0.0100	0.01
Côte d'Ivoire	0.0100		0.01		0.0100	0.01
Croatia	0.0900		0.09		0.0936	0.09
Cuba	0.0525		0.05		0.0546	0.05
Cyprus	0.0300		0.03		0.0312	0.03
Czech Republic	0.2600		0.25		0.2704	0.26
Democratic People's Republic of Korea	0.0500		0.05		0.0520	0.05
Denmark	0.7175		0.72		0.7463	0.75

	UNITED NATIONS				UNIDO	
	Rates for Member States a/	Rates for non-Member States b/	Rates for Member States a/	Rates for non-Member States b/	Rates for Member States: (1) or (2) multiplied by co-efficient 1.040149 c/	Rates for Member States: (3) or (4) multiplied by co-efficient 1.039966 c/
	1996		1997		1996	1997
Member States	(1)	(2)	(3)	(4)	(5)	(6)
Djibouti	0.0100		0.01		0.0100	0.01
Dominica	0.0100		0.01		0.0100	0.01
Dominican Republic	0.0100		0.01		0.0100	0.01
Ecuador	0.0200		0.02		0.0208	0.02
Egypt	0.0700		0.08		0.0728	0.08
El Salvador	0.0100		0.01		0.0100	0.01
Equatorial Guinea	0.0100		0.01		0.0100	0.01
Ethiopia	0.0100		0.01		0.0100	0.01
Fiji	0.0100		0.01		0.0100	0.01
Finland	0.6175		0.62		0.6423	0.64
France	6.4075		6.42		6.6648	6.68
Gabon	0.0100		0.01		0.0100	0.01
Gambia	0.0100		0.01		0.0100	0.01
Georgia	0.1175		0.11		0.1222	0.11
Germany	9.0425		9.06		9.4056	9.42
Ghana	0.0100		0.01		0.0100	0.01
Greece	0.3800		0.38		0.3953	0.40
Grenada	0.0100		0.01		0.0100	0.01
Guatemala	0.0200		0.02		0.0208	0.02
Guinea	0.0100		0.01		0.0100	0.01
Guinea-Bissau	0.0100		0.01		0.0100	0.01
Guyana	0.0100		0.01		0.0100	0.01
Haiti	0.0100		0.01		0.0100	0.01
Honduras	0.0100		0.01		0.0100	0.01
Hungary	0.1400		0.14		0.1456	0.15
India	0.3100		0.31		0.3225	0.32
Indonesia	0.1400		0.14		0.1456	0.15
Iran (Islamic Republic of)	0.4675		0.45		0.4863	0.47
Iraq	0.1400		0.14		0.1456	0.15
Ireland	0.2100		0.21		0.2184	0.22
Israel	0.2675		0.27		0.2783	0.28
Italy	5.1975		5.25		5.4062	5.46
Jamaica	0.0100		0.01		0.0100	0.01
Japan	15.4350		15.65		16.0547	16.28
Jordan	0.0100		0.01		0.0100	0.01
Kenya	0.0100		0.01		0.0100	0.01
Kuwait	0.1900		0.19		0.1976	0.20
Kyrgyzstan	0.0325		0.03		0.0338	0.03
Lao People's Democratic Republic	0.0100		0.01		0.0100	0.01
Lebanon	0.0100		0.01		0.0100	0.01
Lesotho	0.0100		0.01		0.0100	0.01
Liberia	0.0100		0.01		0.0100	0.01
Libyan Arab Jamahiriya	0.2025		0.20		0.2106	0.21
Lithuania	0.0850		0.08		0.0884	0.09
Luxembourg	0.0700		0.07		0.0728	0.07
Madagascar	0.0100		0.01		0.0100	0.01
Malawi	0.0100		0.01		0.0100	0.01

	UNITED NATIONS				UNIDO	
	Rates for Member States a/	Rates for non-Member States b/	Rates for Member States a/	Rates for non-Member States b/	Rates for Member States: (1) or (2) multiplied by co-efficient 1.040149 c/	Rates for Member States: (3) or (4) multiplied by co-efficient 1.039966 c/
	1996		1997		1996	1997
Member States	(1)	(2)	(3)	(4)	(5)	(6)
Malaysia	0.1400		0.14		0.1456	0.15
Maldives	0.0100		0.01		0.0100	0.01
Mali	0.0100		0.01		0.0100	0.01
Malta	0.0100		0.01		0.0100	0.01
Mauritania	0.0100		0.01		0.0100	0.01
Mauritius	0.0100		0.01		0.0100	0.01
Mexico	0.7875		0.79		0.8191	0.82
Mongolia	0.0100		0.01		0.0100	0.01
Morocco	0.0300		0.03		0.0312	0.03
Mozambique	0.0100		0.01		0.0100	0.01
Myanmar	0.0100		0.01		0.0100	0.01
Namibia	0.0100		0.01		0.0100	0.01
Nepal	0.0100		0.01		0.0100	0.01
Netherlands	1.5875		1.59		1.6512	1.66
New Zealand	0.2400		0.24		0.2497	0.25
Nicaragua	0.0100		0.01		0.0100	0.01
Niger	0.0100		0.01		0.0100	0.01
Nigeria	0.1150		0.11		0.1196	0.11
Norway	0.5600		0.56		0.5825	0.58
Oman	0.0400		0.04		0.0416	0.04
Pakistan	0.0600		0.06		0.0624	0.06
Panama	0.0100		0.01		0.0100	0.01
Papua New Guinea	0.0100		0.01		0.0100	0.01
Paraguay	0.0100		0.01		0.0100	0.01
Peru	0.0600		0.06		0.0624	0.06
Philippines	0.0600		0.06		0.0624	0.06
Poland	0.3375		0.33		0.3511	0.34
Portugal	0.2750		0.28		0.2861	0.29
Qatar	0.0400		0.04		0.0416	0.04
Republic of Korea	0.8175		0.82		0.8503	0.85
Republic of Moldova	0.0850		0.08		0.0884	0.09
Romania	0.1500		0.15		0.1560	0.16
Russian Federation	4.4500		4.27		4.6287	4.44
Rwanda	0.0100		0.01		0.0100	0.01
Saint Kitts and Nevis	0.0100		0.01		0.0100	0.01
Saint Lucia	0.0100		0.01		0.0100	0.01
Saint Vincent and the Grenadines	0.0100		0.01		0.0100	0.01
Sao Tome and Principe	0.0100		0.01		0.0100	0.01
Saudi Arabia	0.7200		0.71		0.7489	0.74
Senegal	0.0100		0.01		0.0100	0.01
Seychelles	0.0100		0.01		0.0100	0.01
Sierra Leone	0.0100		0.01		0.0100	0.01
Slovakia	0.0825		0.08		0.0858	0.09
Slovenia	0.0700		0.07		0.0728	0.07
Somalia	0.0100		0.01		0.0100	0.01
Spain	2.3625		2.38		2.4574	2.48
Sri Lanka	0.0100		0.01		0.0100	0.01

Member States	UNITED NATIONS 1996 Rates for Member States a/ (1)	UNITED NATIONS 1996 Rates for non-Member States b/ (2)	UNITED NATIONS 1997 Rates for Member States a/ (3)	UNITED NATIONS 1997 Rates for non-Member States b/ (4)	UNIDO 1996 Rates for Member States: (1) or (2) multiplied by co-efficient 1.040149 c/ (5)	UNIDO 1997 Rates for Member States: (3) or (4) multiplied by co-efficient 1.039966 c/ (6)
Sudan	0.0100		0.01		0.0100	0.01
Suriname	0.0100		0.01		0.0100	0.01
Swaziland	0.0100		0.01		0.0100	0.01
Sweden	1.2275		1.23		1.2768	1.28
Switzerland		1.21		1.21	1.2586	1.26
Syrian Arab Republic	0.0500		0.05		0.0520	0.05
Tajikistan	0.0200		0.02		0.0208	0.02
Thailand	0.1300		0.13		0.1352	0.14
The former Yugoslav Republic of Macedonia	0.0100		0.01		0.0100	0.01
Togo	0.0100		0.01		0.0100	0.01
Tonga		0.01		0.01	0.0100	0.01
Trinidad and Tobago	0.0325		0.03		0.0338	0.03
Tunisia	0.0300		0.03		0.0312	0.03
Turkey	0.3750		0.38		0.3901	0.40
Uganda	0.0100		0.01		0.0100	0.01
Ukraine	1.1400		1.09		1.1858	1.14
United Arab Emirates	0.1900		0.19		0.1976	0.20
United Kingdom of Great Britain and Northern Ireland	5.3150		5.32		5.5284	5.53
United Republic of Tanzania	0.0100		0.01		0.0100	0.01
United States of America	25.0000		25.00		25.0000	25.00
Uruguay	0.0400		0.04		0.0416	0.04
Uzbekistan	0.1375		0.13		0.1430	0.14
Vanuatu	0.0100		0.01		0.0100	0.01
Venezuela	0.3375		0.33		0.3511	0.34
Viet Nam	0.0100		0.01		0.0100	0.01
Yemen	0.0100		0.01		0.0100	0.01
Yugoslavia d/	0.1025		0.10		0.1066	0.10
Zaire	0.0100		0.01		0.0100	0.01
Zambia	0.0100		0.01		0.0100	0.01
Zimbabwe	0.0100		0.01		0.0100	0.01
Total	95.9175	1.22	95.93	1.22	100.0000	100.00

a/ Based on General Assembly resolution 49/19 B as contained in General Assembly document A/49/673/Add.1.

b/ Based on General Assembly resolution 49/19 B; columns (2) and (4) of the present annex cover non-Member States of the United Nations that are Members of UNIDO.

c/ Coefficient is not applied to Member States with assessment rates of 0.01 per cent or 25.00 per cent.

d/ In accordance with General Conference resolution GC/S.1/Res.1, the Federal Republic of Yugoslavia (Serbia and Montenegro) cannot continue automatically the membership of the former Socialist Federal Republic of Yugoslavia in UNIDO. Subject to any amendment to the United Nations scale of assessments approved by the United Nations General Assembly, this rate will apply to the Federal Republic of Yugoslavia (Serbia and Montenegro) should it apply for membership in UNIDO and be accepted.

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SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE REGULAR BUDGET EXPENSES

Scale of assessments for the fiscal period 1996-1997

Addendum

Note by the Secretariat

1. As stated in document PBC.11/5, paragraph 4, adjustments to the scale of assessments to include any State which becomes a Member between the date of that document and the closure of the sixth session of the General Conference will be communicated to the Conference.

2. On 16 February 1995 the Government of Turkmenistan deposited its instrument of accession to the UNIDO Constitution. The scale of assessments attached in the annex to the present document reflects the inclusion of Turkmenistan in accordance with Articles 3, 24 and 25 of the Constitution of UNIDO. Rates of assessment of 0.0338 and 0.03 per cent for Turkmenistan have been established in the revised UNIDO scale of assessments for 1996 and 1997, respectively. The adjusted rates of assessment calculated on the revised coefficient resulting from the inclusion of a new Member State are reflected in the annex to the present document.

ACTION REQUIRED OF THE COMMITTEE

3. The Committee may wish to take into account the revised scale of assessments contained in the present document when deciding to establish a scale of assessments for the regular budget expenditures of UNIDO for the fiscal period 1996-1997.

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Annex

SCALE OF ASSESSMENTS FOR 1996 and 1997
(Percentage)

Member States	UNITED NATIONS 1996 Rates for Member States a/ (1)	1996 Rates for non-Member States b/ (2)	1997 Rates for Member States a/ (3)	1997 Rates for non-Member States b/ (4)	UNIDO 1996 Rates for Member States: (1) or (2) multiplied by co-efficient 1.0396748 c/ (5)	UNIDO 1997 Rates for Member States: (3) or (4) multiplied by co-efficient 1.039529 c/ (6)
Afghanistan	0.0100		0.01		0.0100	0.01
Albania	0.0100		0.01		0.0100	0.01
Algeria	0.1600		0.16		0.1663	0.17
Angola	0.0100		0.01		0.0100	0.01
Argentina	0.4800		0.48		0.4990	0.50
Armenia	0.0550		0.05		0.0572	0.05
Australia	1.4800		1.48		1.5387	1.54
Austria	0.8650		0.87		0.8993	0.90
Azerbaijan	0.1175		0.11		0.1222	0.11
Bahamas	0.0200		0.02		0.0208	0.02
Bahrain	0.0200		0.02		0.0208	0.02
Bangladesh	0.0100		0.01		0.0100	0.01
Barbados	0.0100		0.01		0.0100	0.01
Belarus	0.2925		0.28		0.3041	0.29
Belgium	1.0075		1.01		1.0475	1.05
Belize	0.0100		0.01		0.0100	0.01
Benin	0.0100		0.01		0.0100	0.01
Bhutan	0.0100		0.01		0.0100	0.01
Bolivia	0.0100		0.01		0.0100	0.01
Bosnia and Herzegovina	0.0125		0.01		0.0130	0.01
Botswana	0.0100		0.01		0.0100	0.01
Brazil	1.6200		1.62		1.6843	1.68
Bulgaria	0.0825		0.08		0.0858	0.08
Burkina Faso	0.0100		0.01		0.0100	0.01
Burundi	0.0100		0.01		0.0100	0.01
Cameroon	0.0100		0.01		0.0100	0.01
Cape Verde	0.0100		0.01		0.0100	0.01
Central African Republic	0.0100		0.01		0.0100	0.01
Chad	0.0100		0.01		0.0100	0.01
Chile	0.0800		0.08		0.0832	0.08
China	0.7350		0.74		0.7642	0.77
Colombia	0.1000		0.10		0.1040	0.10
Comoros	0.0100		0.01		0.0100	0.01
Congo	0.0100		0.01		0.0100	0.01
Costa Rica	0.0100		0.01		0.0100	0.01
Côte d'Ivoire	0.0100		0.01		0.0100	0.01
Croatia	0.0900		0.09		0.0936	0.09
Cuba	0.0525		0.05		0.0546	0.05
Cyprus	0.0300		0.03		0.0312	0.03
Czech Republic	0.2600		0.25		0.2703	0.26
Democratic People's Republic of Korea	0.0500		0.05		0.0520	0.05
Denmark	0.7175		0.72		0.7460	0.75
Djibouti	0.0100		0.01		0.0100	0.01
Dominica	0.0100		0.01		0.0100	0.01
Dominican Republic	0.0100		0.01		0.0100	0.01
Ecuador	0.0200		0.02		0.0208	0.02
Egypt	0.0700		0.08		0.0728	0.08
El Salvador	0.0100		0.01		0.0100	0.01
Equatorial Guinea	0.0100		0.01		0.0100	0.01
Ethiopia	0.0100		0.01		0.0100	0.01
Fiji	0.0100		0.01		0.0100	0.01
Finland	0.6175		0.62		0.6420	0.64

SCALE OF ASSESSMENTS FOR 1996 and 1997
(Percentage)

Member States	UNITED NATIONS				UNIDO	
	Rates for Member States a/	Rates for non-Member States b/	Rates for Member States a/	Rates for non-Member States b/	Rates for Member States: (1) or (2) multiplied by co-efficient 1.0396748 c/	Rates for Member States: (3) or (4) multiplied by co-efficient 1.039529 c/
	1996		1997		1996	1997
	(1)	(2)	(3)	(4)	(5)	(6)
France	6.4075		6.42		6.6617	6.67
Gabon	0.0100		0.01		0.0100	0.01
Gambia	0.0100		0.01		0.0100	0.01
Georgia	0.1175		0.11		0.1222	0.11
Germany	9.0425		9.06		9.4012	9.42
Ghana	0.0100		0.01		0.0100	0.01
Greece	0.3800		0.38		0.3951	0.40
Grenada	0.0100		0.01		0.0100	0.01
Guatemala	0.0200		0.02		0.0208	0.02
Guinea	0.0100		0.01		0.0100	0.01
Guinea-Bissau	0.0100		0.01		0.0100	0.01
Guyana	0.0100		0.01		0.0100	0.01
Haiti	0.0100		0.01		0.0100	0.01
Honduras	0.0100		0.01		0.0100	0.01
Hungary	0.1400		0.14		0.1455	0.15
India	0.3100		0.31		0.3223	0.32
Indonesia	0.1400		0.14		0.1455	0.15
Iran (Islamic Republic of)	0.4675		0.45		0.4860	0.47
Iraq	0.1400		0.14		0.1455	0.15
Ireland	0.2100		0.21		0.2183	0.22
Israel	0.2675		0.27		0.2781	0.28
Italy	5.1975		5.25		5.4037	5.46
Jamaica	0.0100		0.01		0.0100	0.01
Japan	15.4350		15.65		16.0474	16.27
Jordan	0.0100		0.01		0.0100	0.01
Kenya	0.0100		0.01		0.0100	0.01
Kuwait	0.1900		0.19		0.1975	0.20
Kyrgyzstan	0.0325		0.03		0.0338	0.03
Lao People's Democratic Republic	0.0100		0.01		0.0100	0.01
Lebanon	0.0100		0.01		0.0100	0.01
Lesotho	0.0100		0.01		0.0100	0.01
Liberia	0.0100		0.01		0.0100	0.01
Libyan Arab Jamahiriya	0.2025		0.20		0.2105	0.21
Lithuania	0.0850		0.08		0.0884	0.09
Luxembourg	0.0700		0.07		0.0728	0.07
Madagascar	0.0100		0.01		0.0100	0.01
Malawi	0.0100		0.01		0.0100	0.01
Malaysia	0.1400		0.14		0.1455	0.15
Maldives	0.0100		0.01		0.0100	0.01
Mali	0.0100		0.01		0.0100	0.01
Malta	0.0100		0.01		0.0100	0.01
Mauritania	0.0100		0.01		0.0100	0.01
Mauritius	0.0100		0.01		0.0100	0.01
Mexico	0.7875		0.79		0.8187	0.82
Mongolia	0.0100		0.01		0.0100	0.01
Morocco	0.0300		0.03		0.0312	0.03
Mozambique	0.0100		0.01		0.0100	0.01
Myanmar	0.0100		0.01		0.0100	0.01
Namibia	0.0100		0.01		0.0100	0.01
Nepal	0.0100		0.01		0.0100	0.01
Netherlands	1.5875		1.59		1.6505	1.65
New Zealand	0.2400		0.24		0.2495	0.25
Nicaragua	0.0100		0.01		0.0100	0.01

SCALE OF ASSESSMENTS FOR 1996 and 1997
(Percentage)

	UNITED NATIONS				U N I D O	
	Rates for Member States a/	Rates for non-Member States b/	Rates for Member States a/	Rates for non-Member States b/	Rates for Member States: (1) or (2) multiplied by co-efficient 1.0396748 c/	Rates for Member States: (3) or (4) multiplied by co-efficient 1.039529 c/
	1996		1997		1996	1997
Member States	(1)	(2)	(3)	(4)	(5)	(6)
Niger	0.0100		0.01		0.0100	0.01
Nigeria	0.1150		0.11		0.1196	0.11
Norway	0.5600		0.56		0.5822	0.58
Oman	0.0400		0.04		0.0416	0.04
Pakistan	0.0600		0.06		0.0624	0.06
Panama	0.0100		0.01		0.0100	0.01
Papua New Guinea	0.0100		0.01		0.0100	0.01
Paraguay	0.0100		0.01		0.0100	0.01
Peru	0.0600		0.06		0.0624	0.06
Philippines	0.0600		0.06		0.0624	0.06
Poland	0.3375		0.33		0.3509	0.34
Portugal	0.2750		0.28		0.2859	0.29
Qatar	0.0400		0.04		0.0416	0.04
Republic of Korea	0.8175		0.82		0.8499	0.85
Republic of Moldova	0.0850		0.08		0.0884	0.09
Romania	0.1500		0.15		0.1560	0.16
Russian Federation	4.4500		4.27		4.6265	4.44
Rwanda	0.0100		0.01		0.0100	0.01
Saint Kitts and Nevis	0.0100		0.01		0.0100	0.01
Saint Lucia	0.0100		0.01		0.0100	0.01
Saint Vincent and the Grenadines	0.0100		0.01		0.0100	0.01
Sao Tome and Principe	0.0100		0.01		0.0100	0.01
Saudi Arabia	0.7200		0.71		0.7486	0.74
Senegal	0.0100		0.01		0.0100	0.01
Seychelles	0.0100		0.01		0.0100	0.01
Sierra Leone	0.0100		0.01		0.0100	0.01
Slovakia	0.0825		0.08		0.0858	0.09
Slovenia	0.0700		0.07		0.0728	0.07
Somalia	0.0100		0.01		0.0100	0.01
Spain	2.3625		2.38		2.4562	2.48
Sri Lanka	0.0100		0.01		0.0100	0.01
Sudan	0.0100		0.01		0.0100	0.01
Suriname	0.0100		0.01		0.0100	0.01
Swaziland	0.0100		0.01		0.0100	0.01
Sweden	1.2275		1.23		1.2762	1.28
Switzerland		1.21		1.21	1.2580	1.26
Syrian Arab Republic	0.0500		0.05		0.0520	0.05
Tajikistan	0.0200		0.02		0.0208	0.02
Thailand	0.1300		0.13		0.1351	0.14
The former Yugoslav Republic of Macedonia	0.0100		0.01		0.0100	0.01
Togo	0.0100		0.01		0.0100	0.01
Tonga		0.01		0.01	0.0100	0.01
Trinidad and Tobago	0.0325		0.03		0.0338	0.03
Tunisia	0.0300		0.03		0.0312	0.03
Turkey	0.3750		0.38		0.3899	0.40
Turkmenistan	0.0325		0.03		0.0338	0.03
Uganda	0.0100		0.01		0.0100	0.01
Ukraine	1.1400		1.09		1.1852	1.14
United Arab Emirates	0.1900		0.19		0.1975	0.20
United Kingdom of Great Britain and Northern Ireland	5.3150		5.32		5.5259	5.53
United Republic of Tanzania	0.0100		0.01		0.0100	0.01

SCALE OF ASSESSMENTS FOR 1996 and 1997
(Percentage)

	UNITED NATIONS				UNIDO	
	Rates for Member States a/	Rates for non-Member States b/	Rates for Member States a/	Rates for non-Member States b/	Rates for Member States: (1) or (2) multiplied by co-efficient 1.0396748 c/	Rates for Member States: (3) or (4) multiplied by co-efficient 1.039529 c/
	1996		1997		1996	1997
Member States	(1)	(2)	(3)	(4)	(5)	(6)
United States of America	25.0000		25.00		25.0000	25.00
Uruguay	0.0400		0.04		0.0416	0.04
Uzbekistan	0.1375		0.13		0.1429	0.14
Vanuatu	0.0100		0.01		0.0100	0.01
Venezuela	0.3375		0.33		0.3509	0.34
Viet Nam	0.0100		0.01		0.0100	0.01
Yemen	0.0100		0.01		0.0100	0.01
Yugoslavia d/	0.1025		0.10		0.1066	0.10
Zaire	0.0100		0.01		0.0100	0.01
Zambia	0.0100		0.01		0.0100	0.01
Zimbabwe	0.0100		0.01		0.0100	0.01
Total	95.9500	1.22	95.96	1.22	100.0000	100.00

a/ Based on General Assembly resolution 49/19 B as contained in General Assembly document A/49/673/Add.1.

b/ Based on General Assembly resolution 49/19 B; columns (2) and (4) of the present annex cover non-Member States of the United Nations that are Members of UNIDO.

c/ Coefficient is not applied to Member States with assessment rates of 0.01 per cent or 25.00 per cent.

d/ In accordance with General Conference resolution GC/S.1/Res.1, the Federal Republic of Yugoslavia (Serbia and Montenegro) cannot continue automatically the membership of the former Socialist Federal Republic of Yugoslavia in UNIDO. Subject to any amendment to the United Nations scale of assessments approved by the United Nations General Assembly, this rate will apply to the Federal Republic of Yugoslavia (Serbia and Montenegro) should it apply for membership in UNIDO and be accepted.

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United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Fourteenth session
Vienna, 26-30 June 1995

Programme and Budget Committee

Eleventh session
Vienna, 24-28 April 1995
Item 9 of the provisional agenda

INDUSTRIAL DEVELOPMENT FUND

Estimated resource level and programming thrust for 1996 and 1997

Report by the Director-General

Summary

Reviews the current pledging pattern of the Industrial Development Fund and describes the Secretariat's approaches for the programming thrust for 1996 and 1997.

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Introduction

1. The Industrial Development Fund (IDF) is a key financial mechanism, anchored in the UNIDO Constitution, to enable the Organization to fulfil its mandates.

2. In addition to providing information on current pledging patterns and approvals, the present document focuses on IDF activities as broken down by medium-term plan priority area and common element. In outlining the IDF action plan for 1996-1997, the text describes how such fundamental aspects as quality management and lessons learned from past experience are key elements of programme and project development.

I. OVERVIEW OF 1994

A. Pledges

3. In 1994 IDF received $71.5 million in pledges, as shown in the following table, which also shows the trends in the pledges received:

Pledges to IDF, 1992 to 1994
(in US dollars)

	1992	1993	1994
Governments and organizations	30,320,173	24,802,429	27,852,118
United Nations International Drug Control Programme	-	2,544,640	1,605,435
Montreal Protocol	-	6,899,617	42,087,899
Total	30,320,173	34,246,686	71,545,452

The above figures show that in 1994 the pledges provided by donor Governments increased by 12 per cent as compared with 1993. As also shown, during 1994 the Secretariat was particularly successful in attracting additional contributions from funds available from the Montreal Protocol.

B. Approvals

4. Although projects cleared during any year by the Programme and Project Review Committee for submission for IDF special-purpose donor funding are in a number of cases approved by donors in the following year, the submission and approval figures and trends for 1994 already show a greater selectivity on the part of the UNIDO Secretariat as well as a higher quality of proposals. Thus, while there was a large decrease in the numbers and value of projects submitted for potential IDF financing (in 1992, 106 projects amounting to $57.3 million; in 1993, 98 projects amounting to $46 million; and in 1994, 59 projects amounting to $28.3 million), new approvals showed a smaller decrease with $26 million in 1992, $23.7 million in 1993 and $21.3 million in 1994. This represented 45 per cent of submissions in 1992, 52 per cent in 1993 and 75 per cent in 1994.

C. Geographical and sectoral distribution of funds

5. Owing to the mainly special-purpose type of funding under IDF and the extremely limited resources under the general-purpose convertible segment ($0.8 million in 1994), the Secretariat lacks programmable resources and is thus largely dependent on donor priorities for its technical cooperation activities. Despite this constraint, through a proactive effort the Secretariat has been successful in ensuring a balanced geographical and thematic distribution of funds as shown below:

II. 1996-1997 ACTION PLAN

A. Building on experience and past successes

6. An important dimension of the ongoing reform process in UNIDO is the ability of the Organization to improve its field operations. This acquires particular importance within the framework of IDF-sponsored activities, which are among the main instruments for developing and conducting operational field activities. Detailed information on IDF-sponsored activities is provided in a conference room paper (PBC.11/CRP.1).

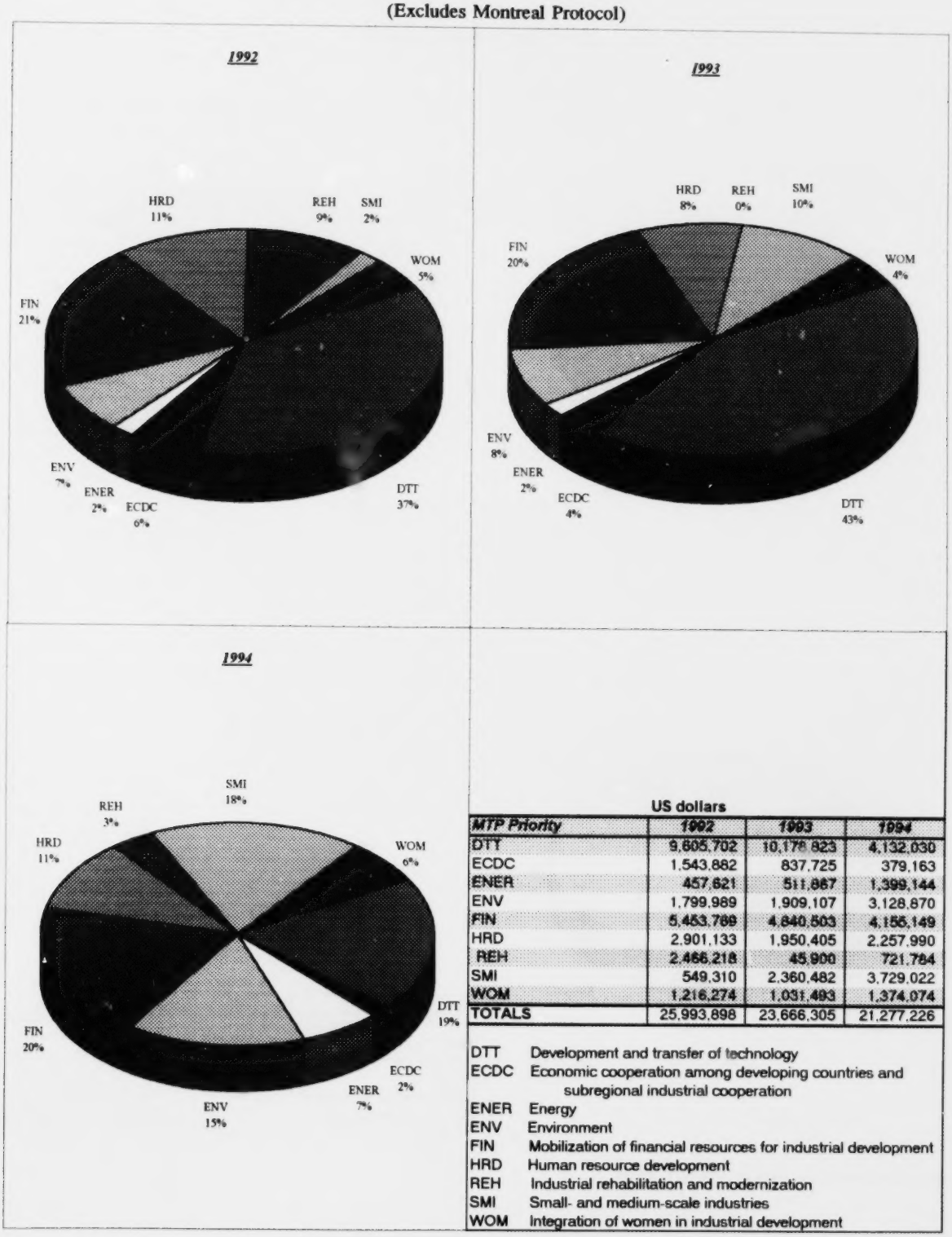
7. Building on acquired experience will constitute the basis for developing programmes and projects of high quality and impact in the forthcoming biennium. The lessons learned from success stories may be summarized as follows:

(a) A careful analysis of problems and development needs must be carried out prior to the commencement of the programme/project. In this connection, human and financial resources will be invested for preparatory assistance, needs assessment and involvement of the target beneficiaries;

Figure 1

New IDF approvals by medium-term plan priority area and common element, by per cent a/

(Excludes Montreal Protocol)



US dollars

MTP Priority	1992	1993	1994
DTT	9,605,702	10,178,823	4,132,030
ECDC	1,543,882	837,725	379,163
ENER	457,621	511,867	1,399,144
ENV	1,799,989	1,909,107	3,128,870
FIN	5,453,789	4,840,503	4,155,149
HRD	2,901,133	1,950,405	2,257,990
REH	2,466,218	45,900	721,784
SMI	549,310	2,360,482	3,729,022
WOM	1,216,274	1,031,493	1,374,074
TOTALS	25,993,898	23,666,305	21,277,226

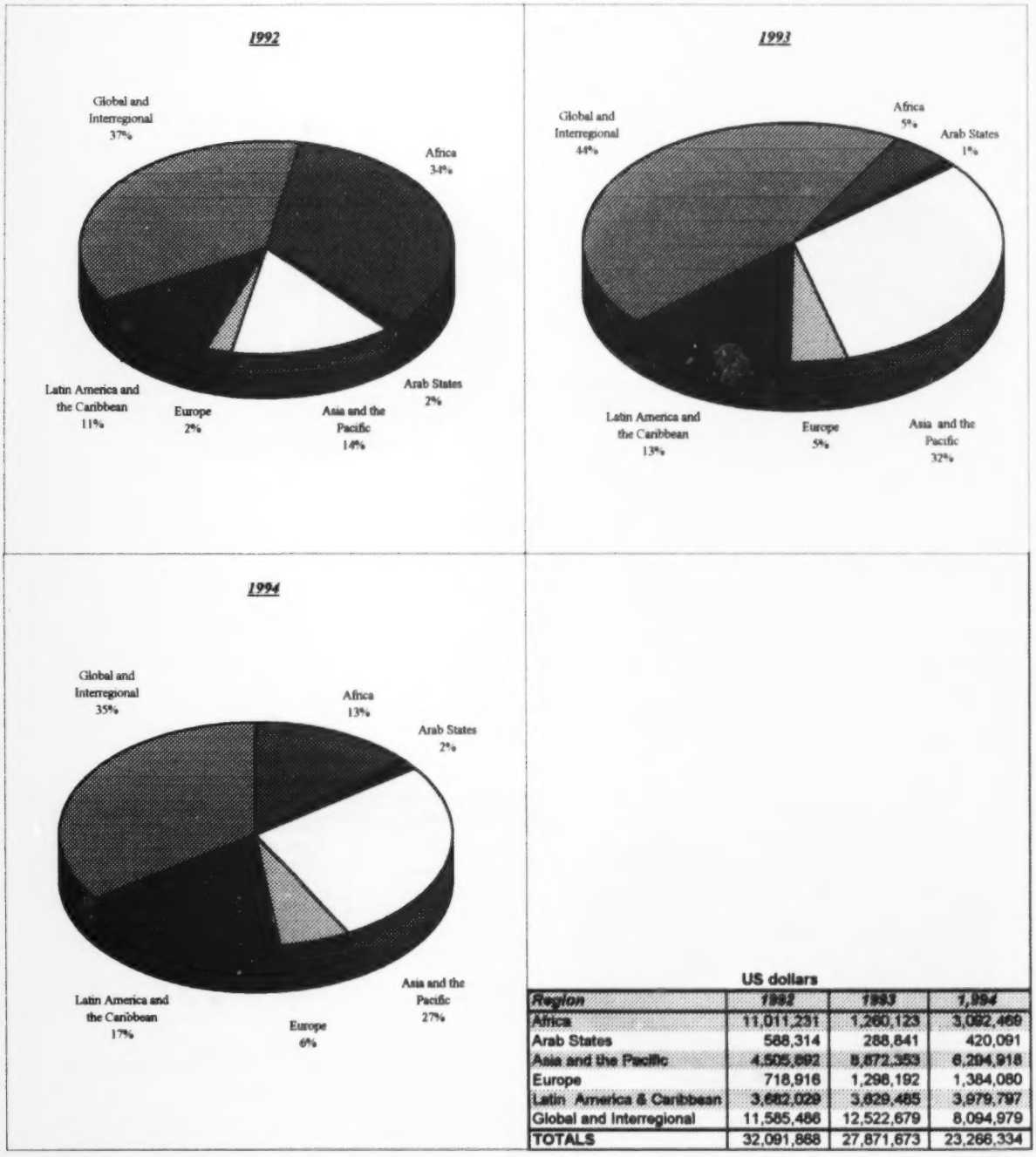
DTT	Development and transfer of technology
ECDC	Economic cooperation among developing countries and subregional industrial cooperation
ENER	Energy
ENV	Environment
FIN	Mobilization of financial resources for industrial development
HRD	Human resource development
REH	Industrial rehabilitation and modernization
SMI	Small- and medium-scale industries
WOM	Integration of women in industrial development

a/ New approvals only (excluding changes/revisions) are utilized to reflect the thematic distribution, as net figures would include projects approved prior to the establishment of the medium-term plan priority areas for 1990-1995.

Figure 2

Net IDF approvals by region, by per cent a/

(Excludes Montreal Protocol)



US dollars

Region	1992	1993	1,994
Africa	11,011,231	1,260,123	3,082,469
Arab States	588,314	288,841	420,091
Asia and the Pacific	4,505,692	8,872,353	6,294,918
Europe	716,916	1,298,192	1,384,080
Latin America & Caribbean	3,682,029	3,829,485	3,979,797
Global and Interregional	11,585,486	12,522,679	8,094,979
TOTALS	32,091,868	27,871,673	23,266,334

a/ Includes changes/revisions to existing projects

(b) The credibility of UNIDO is contingent upon its technical and professional expertise and its capability to pool various types of expertise in providing knowledge-based (rather than purely administrative) services to its clients;

(c) Priority must be awarded to large-scale programmes and projects providing integrated solutions, i.e. addressing industrial sector needs at the policy, institutional and enterprise levels and/or providing analytical, promotional, information and technical services.

8. The IDF programme and plan, 1996-1997, will award priority to programmes and projects targeting, as main beneficiaries, small and medium enterprises and provide assistance primarily at the policy and institutional levels. Development of local capability will be targeted rather than the provision of direct support. Importance will also be given to UNIDO activities being complementary and closely coordinated with those of other multi- and bilateral cooperation agencies.

B. IDF as an instrument to translate the 1996-1997 priority themes into action

9. In the forthcoming biennium, IDF will also constitute one of the main tools to translate into action the priority programmatic themes outlined in the programme and budgets, 1996-1997 (document IDB.14/2-PBC.11/2, para. 44). They comprise: (a) strategies, policies and institution-building for global economic integration; (b) Africa and least developed countries: linking industry with agriculture; (c) environment and energy; (d) small and medium enterprises: policies and networking; (e) innovation, productivity and quality for international competitiveness; (f) industrial information; and (g) rural industrial development.

10. Since UNIDO has to observe its multilateral and universal mandate, no regional priorities will be established, apart from the focus on Africa and least developed countries (LDCs) mandated by the Yaoundé Declaration (GC.5/Res.20). Along the lines followed in 1994, regional priority setting by donors will, to some extent, be counterbalanced by a proactive approach by the Secretariat to reach equitable geographical distribution.

C. Quality system for UNIDO technical cooperation services

11. One of the main aspects of the reform process of UNIDO approved by the General Conference (GC.5/Res.18) at its fifth session relates to the adoption of a quality management system. With regard to UNIDO technical cooperation and other services provided to its clients in developing countries, a blueprint of the quality system has been prepared (CPD.11). Financial resources for the development and improvement of that system were provided through IDF.

12. Quality in UNIDO technical cooperation services can best be achieved by laying down the conditions for successful identification, formulation and implementation of UNIDO services. In 1994, UNIDO identified and formulated a number of projects through a participatory approach with clients in recipient countries using the objectives-oriented project planning (OOPP) methodology or similar approaches. IDF-sponsored preparatory assistance projects designed on the basis of the new approach were undertaken in: India (establishment of the lignite fuel and energy research institute); Indonesia (transfer of PCM/OOPP methods to the Ministry of Industry); Viet Nam (small and medium enterprise development programme); and establishment of national cleaner production centres in India, Indonesia, Mexico, United Republic of Tanzania and Zimbabwe.

13. Quality management is a long-term reform process involving a fundamental change in the culture and working processes of the Organization. UNIDO is at the forefront in the development and application of the system among multi- and bilateral development cooperation agencies, but further funding and work are required to fully introduce the system.

14. In the following biennium further attention will be given to the application of OOPP in project development and implementation as well as to identifying, mobilizing funding and implementing a larger number of projects based on the participatory approach. Using the feedback and experience acquired, the system will be further improved.

15. Special attention will also be awarded to monitoring and evaluation, which are critical elements for successful implementation. To the extent possible, the same participatory approach will be applied as in the development stage of UNIDO services involving not only the client but also the target beneficiaries.

D. Complementary use of UNIDO-managed funds

16. The various funding sources will be utilized in a complementary manner for the different types of services and will aim at reinforcing each other as follows:

(a) The regular budget and the Regular Programme for Technical Cooperation will be used mainly for the analytic and normative activities of UNIDO with global impact. The Regular Programme will also provide part

of the seed money necessary for programme development;

(b) Core IDF and trust fund contributions provided regularly by the major traditional donors will be directed primarily to activities for Africa and LDCs, as well as to other special regional programmes; economic co-operation among developing countries (ECDC) will be awarded particular attention;

(c) Ad hoc contributions to IDF and trust funds for special programmes will be mobilized from additional sources for specific programmes such as environment and the particular needs of Eastern European countries.

E. Target for IDF contributions

17. The target for IDF contributions in 1996 and 1997 will continue to be $50 million, as established by the policy-making organs of UNIDO. In that respect, the high resource base achieved in 1994 is, to a large extent, due to the outstanding success of mobilizing funds from the Montreal Protocol, which is a convention-specific, time-bound facility not available for overall industrial development issues. An increase of government contributions to reach the target of $50 million will be necessary for the Organization to cover its priority areas.

18. The UNIDO Secretariat's action plan for 1996-1997 for IDF will thus comprise the following steps:

(a) Definition, promotion and implementation of a limited number of high quality large-scale programmes and projects;

(b) The programmes/projects will build upon UNIDO experience and success stories in terms of provision of knowledge-based services through high-level and multidisciplinary expertise;

(c) Small-scale projects will be confined to those of a preparatory assistance nature and to strategic projects for the provision of high-level advice to solve specific problems;

(d) The programmable resources of UNIDO under the general-purpose convertible segment of IDF will be utilized mainly for preparatory assistance and assessment of needs;

(e) Quality management will continue to be strengthened and will encompass all stages of project development, including implementation;

(f) Resources (both human and financial) will be concentrated on selected activities. Focus will be awarded to the priority programmatic themes outlined in paragraph 9 above;

(g) Regular budget and extrabudgetary funding will be used in a complementary and mutually reinforcing manner.

III. ACTION REQUIRED OF THE COMMITTEE

19. The Committee may wish to consider recommending to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Recalls the Yaoundé Declaration (GC.5/Res.20) as well as decision IDB.13/Dec.17 on the Industrial Development Fund;

"(b) Takes note of the report of the Director-General contained in document IDB.14/5-PBC.11/6;

"(c) Approves the action plan for 1996 and 1997 as contained in chapter II of that document;

"(d) Decides to delegate authority to the Director-General to approve projects for financing under the Fund in 1996 and 1997 in accordance with the priority areas of the medium-term plan;

"(e) In reiterating General Conference resolution GC.5/Res.8, encourages Member States:

"(i) To increase their IDF pledges to ensure that the desirable annual funding level of $50 million be reached as soon as possible through contributions by Governments;

"(ii) To provide part of their contributions to the general-purpose convertible segment of the Fund so that a minimum annual level of $10 million can be achieved for that segment as soon as possible;

"(iii) To consider providing umbrella contributions for financing preparatory assistance of large-scale activities and/or contributions towards the 1996-1997 priority programmatic themes."

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Vienna, 26-30 June 1995

Programme and Budget Committee

Eleventh session
Vienna, 24-28 April 1995
Item 4 of the provisional agenda

FINANCIAL SITUATION OF UNIDO

Report on the 6 per cent figure set as a regular budget ceiling for technical cooperation activities

Submitted by the Director-General

Summary

In compliance with Board decision IDB.13/Dec.14, provides information on the advantages and disadvantages of the 6 per cent figure set as a regular budget ceiling for technical cooperation activities, as well as of alternative arrangements.

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Introduction

1. In its decision IDB.13/Dec.14, paragraph (f), the Industrial Development Board requested the Director-General to prepare a study on the advantages and disadvantages of the 6 per cent figure set as a regular budget ceiling for technical cooperation activities, as well as of alternative arrangements, so that it could be considered by the Industrial Development Board at its fourteenth session, after examination by the Programme and Budget Committee at its eleventh session. It was further requested that, in preparing the study, paragraph (i) of the same decision should also be taken into account. In that paragraph the Board approved a ceiling for the regular budget for the biennium 1996-1997, representing zero real growth as compared with the biennium 1994-1995, without prejudice to appropriations to be adjusted according to financial regulation 5.2.

I. ORIGIN AND LEGAL STATUS

2. Annex II of the Constitution of UNIDO provides the legal framework for the utilization of the regular budget resources of the Organization. Paragraph B of Annex II covers technical cooperation activities and states:

> "In order to improve the effectiveness of the Organization's programme of work in the field of industrial development, the regular budget shall also finance other activities heretofore financed out of Section 15 of the United Nations regular budget, in the amount of 6 per cent of the total of the regular budget. These activities shall strengthen the Organization's contribution to the United Nations development system taking into account the importance of utilizing the United Nations Development Programme country programming process, which is subject to the consent of the countries concerned, as a frame of reference for these activities."

3. The utilization of regular budget resources for technical cooperation activities dates back to 1967, when the General Assembly, in its resolution 2298 (XXII), endorsed resolution 2(I) of the first session of the Industrial Development Board. That resolution called for the establishment of a separate section in the budget of the United Nations to provide for the programme of technical assistance in industrial development at an appropriate level commensurate with the expanding requirements of the developing countries. The aim was to complement assistance available to developing countries under other programmes. In particular, it was to be used for innovative and catalytic activities with a demonstrated multiplier effect and in accordance with the development needs and priorities of individual beneficiary countries.

4. From 1968 until the end of 1985, when UNIDO became a specialized agency, the United Nations budget regularly contained a separate component, which came to be known as the UNIDO Regular Programme of Technical Cooperation. During that period its level was kept as a fairly constant share of the total regular budget resources of UNIDO, but without the limitations of a fixed percentage rate.

5. During the extensive negotiations preceding the approval by Member States of the Constitution of UNIDO as a specialized agency, many representatives made strong statements of principle to the effect that technical cooperation activities should be financed from voluntary contributions. By way of compromise, the 6 per cent rule contained in Annex II, paragraph B, of the Constitution was finally agreed upon.

6. The provisions of Annex II are an integral part of the UNIDO Constitution, and are specifically referred to in paragraph 3 of Article 13 dealing with the composition of the regular budget. Legal procedures for amendment of the Constitution are stipulated in Article 23, which states in particular that an amendment shall come into force and be binding on all Members when: (a) it is recommended by the Board to the General Conference by a two-thirds majority of all members of the Board; (b) it is approved by the General Conference by a two-thirds majority of all Members; and (c) three-fourths of the Members of UNIDO have deposited instruments of ratification, acceptance or approval of the amendment with the Depositary.

II. PRACTICES IN OTHER ORGANIZATIONS

7. For the purpose of the present report, equivalent rules and practices of the following organizations have been reviewed: Food and Agriculture Organization of the United Nations (FAO), International Atomic Energy Agency (IAEA), International Labour Organisation (ILO), United Nations, United Nations Educational, Scientific and Cultural Organization (UNESCO) and World Health Organization (WHO). An analysis of the most recent documentation shows the following picture.

FAO

8. The regular budget-financed Technical Cooperation Programme (TCP) was created in 1976 for the purpose of responding speedily to urgent or unexpected needs of member countries. Further main characteristics are: limited project duration, low cost, practical orientation, and catalytic or complementary relationship with other sources of assistance. Main categories of assistance include training, advisory services, emergency assistance, programming and project formulation and support to technical cooperation among developing countries.

Total TCP resources within the FAO regular budget amounted to $77.4 million (11.4 per cent) in 1992-1993 and $75.5 million (11.2 per cent) in 1994-1995. The reduction was caused by the decision to deduct the costs of the TCP liaison unit at FAO headquarters from the overall TCP budget.

IAEA

9. The technical cooperation activities of IAEA are entirely financed from voluntary contributions to its Technical Assistance and Cooperation Fund.

ILO

10. The regular budget of ILO contains a regular budget technical cooperation (RBTC) provision which is used for technical cooperation field projects as well as for financing the staff and non-staff costs of 14 multi-disciplinary advisory teams stationed in the following regions: five in Africa, four in the Americas, one in Arab States, three in Asia and the Pacific and one in Europe. The total RBTC shown in the ILO regular budget amounted to $73.7 million (9.9 per cent) in 1994-1995 and is estimated to be $73.6 million (10.7 per cent) for 1996-1997.

United Nations

11. Based on General Assembly resolution 2514 (XXIV) of November 1969, the biennial regular budget of the United Nations contains a provision for the United Nations regular programme of technical cooperation, which is not defined by a fixed percentage, but kept at comparable constant levels ($40.1 million in 1992-1993 and $45.4 million in 1994-1995). The programme provides funding for activities with a demonstrated multiplier effect likely to have a significant impact on the development process, is to be used in particular for innovative and catalytic activities and is divided into sectoral advisory services and regional and subregional advisory services.

UNESCO

12. The regular budget does not contain a specific allocation for technical cooperation activities. Notable is, however, a relatively high share of non-staff resources ($207.1 million of a total regular budget of $455.5 million in 1994-1995) and a correspondingly large programme of field activities, particularly the "participation programme" (usually in the form of advisory services, fellowships and study grants, equipment and emergency assistance). Regular budget resources are also used as seed money and for preparatory activities.

WHO

13. The regular budget of WHO also does not contain a specific technical cooperation allocation. However, out of a total regular budget of $872.5 million for 1994-1995, $319.4 million (37 per cent) is foreseen for country and intercountry activities, for which detailed budgeting in the programme and budget document is not required and whose implementation is mostly ensured by the large WHO field network. Minor allocations ($2.5 million in 1994-1995) are earmarked for fellowships and study grants.

14. Similar arrangements prevail in the regular budgets of smaller United Nations agencies. In conclusion it can be stated that most United Nations organizations finance certain technical cooperation activities from their regular budgets, whereby the size of allocations depends on the specific nature of activities of those organizations. In none of the organizations studied were the technical cooperation allocations in the regular budget limited by constitutional provisions.

III. PROGRAMMING CRITERIA AND APPROVAL PROCEDURES FOR THE UNIDO REGULAR PROGRAMME OF TECHNICAL COOPERATION

15. Since the inception of the Regular Programme in 1967 as well as following the conversion of UNIDO into a specialized agency in 1986 until the end of the biennium 1992-1993, the resources appropriated for the Regular Programme were allocated mainly for projects and programmes in the following areas: individual fellowships, group training programmes, establishment and strengthening of training facilities, cooperation among developing countries, special needs of least developed countries, consultations with Governments, special regional programmes (1992-1993 only) and the Industrial Development Decade for Africa (IDDA) (since 1984-1985). Prior to 1986, the Regular Programme had also provided the financing for UNIDO Regional and Interregional Advisers, which have subsequently been included in the regular budget of the Organization.

16. As of May 1993, the Programme and Project Review Committee (PPRC) - the UNIDO approving authority for individual Regular Programme projects - decided to reallocate 8 per cent of the total 1992-1993 Regular Programme appropriation as seed money for medium-term plan priorities, to be used primarily for preparatory activities and preparatory assistance projects aimed at generating additional financial resources for technical cooperation projects. This measure was the

first step towards changing the traditional approach in the use of Regular Programme resources.

17. In conformity with the principles governing the restructuring of UNIDO, at the beginning of 1994 the criteria governing the use of Regular Programme resources in the 1994-1995 programme and budgets (GC.5/14/Rev.1, para. 9.5) were stated as follows:

(a) Preparatory ("up front") activities and preparatory assistance projects along the lines of the programming criteria for the general convertible segment of the Industrial Development Fund. These activities contribute to the preparation of projects in conformity with the established quality criteria relevance, cost-effectiveness and sustainability so as to generate additional financial resources;

(b) Technical cooperation projects addressing well-identified industrial development needs with the primary focus on the provision of expertise and direct training;

(c) Promotional projects aimed at technology transfer, industrial investment, human resource development and intercountry cooperation, *inter alia*, through seminars, workshops and training courses.

18. The PPRC further decided that, within upstream activities, the development of subsectoral and thematic programmes as well as the elaboration of UNIDO country support strategies should receive special attention.

19. In the draft programme and budgets 1996-1997, it is proposed that Regular Programme funds be used for activities with a "seed money" character to help mobilize additional resources, for support to special regional and sectoral/subsectoral intercountry projects, and as a means to respond flexibly to urgent short-term requirements for policy and technical advisory services (IDB.14/2-PBC.11/2, paras. 9.4-9.6). As in the preceding bienniums, IDDA-related technical cooperation activities are to support sustainable industrial development of African countries and strengthen the contribution of industry to economic integration at the national, sub-regional and regional levels, in accordance with the goals of the Second IDDA.

20. Since 1986, the IDDA component of the Regular Programme has been complemented by supplementary activities in support of IDDA, also financed from the regular budget of the Organization (not included in the Regular Programme). It not only finances short-term technical advisory services, but also provides for consultant services, expert group meetings and staff travel in support of the priorities and main objectives of the IDDA programme. Details are provided in the respective programme and budget documents of the Organization.

21. Projects financed under the Regular Programme are developed following the procedures set up in Director-General's Bulletin UNIDO/DG/B.177 and are subject to approval by PPRC, which also monitors the utilization of the programme's resources on a monthly basis. An innovative approach was introduced during the present biennium for programming of Regular Programme funds based on the UNIDO reform principles of transparency, decentralization and accountability. PPRC recommended that the scarce Regular Programme resources be utilized in a strategic manner, i.e. for programmes and projects that could lead to resource mobilization and to enhancing the quality and strength of the UNIDO priority fields of expertise.

22. The Regular Programme funds were decentralized and apportioned to support the individual substantive divisions as follows: the Country Strategy and Programme Development Division was given responsibility to develop projects in support of the regional programmes for Asia and the Pacific, Europe, Latin America and the Caribbean, the Arab States and the Industrial Development Decade for Africa (IDDA); the four technical divisions were requested to focus on global and interregional activities for upstream and analytical work to support programme priorities and development objectives, including assistance to least developed countries.

23. The new decentralized programming procedure has given the substantive divisions the necessary tools for orienting and planning their technical cooperation-related activities towards specific priorities, thereby supplementing activities carried out under regular budget funds. Substantive control, financial monitoring and complementary use of funds has been consistently ensured by PPRC.

IV. ROLE AND IMPACT OF THE REGULAR PROGRAMME OF TECHNICAL COOPERATION

24. The new approach in programming Regular Programme resources, as initiated for the current biennium and also proposed in the draft programme and budgets 1996-1997, is fully in line with the new management and prioritization efforts of UNIDO and provides the Organization with freely programmable, convertible resources for technical cooperation activities in areas of comparative advantage and recognized expertise. At the same time it is noted with concern that in view of the decline in resources made available from the

United Nations Development Programme and the stagnation in funding levels from other development financing sources, the share of Regular Programme-financed projects is increasing in relation to the overall level of UNIDO technical cooperation delivery (from 3 per cent in 1986-1987 to over 5 per cent in 1995).

25. The review of the Regular Programme should thus be seen within the framework of the present situation of the Organization, which requires the mobilization of alternative financing to enable UNIDO to translate its mandates and priorities into concrete action and to perform its function as a specialized agency with significant technical cooperation programmes.

26. The technical cooperation activities of UNIDO are constrained by the size and priorities of special-purpose contributions. While the Secretariat will follow a proactive approach to ensure equitable geographical distribution of funds and implementation of priorities (see document IDB.14/5-PBC.11/6), additional extrabudgetary resources would need to be mobilized, *inter alia*, through complementary "seed money" funding from the Regular Programme.

Quality management principles for programme/project development

27. UNIDO is committed to ensuring the quality of its programmes and projects. Modern methodologies for programme and project planning have been developed and increasingly applied, based on a participatory approach involving all stakeholders to ensure relevance, sustainability and effective capacity-building in the recipient countries. As clearly indicated by a recent expert group meeting convened by UNIDO, most donor, international and financial agencies, as well as enterprises, have introduced similar quality systems based on total quality management (TQM) aiming at client satisfaction. Such methods require increased up-front investments to prepare projects. Recent studies confirm that the higher the investment in project preparation, the lower the costs incurred later for corrective measures during implementation.

28. UNIDO's own experience leads to similar conclusions. As mentioned in document IDB.14/5-PBC.11/6, a review of UNIDO "success stories" shows that the endeavours that had the highest impact were those where adequate resources had been invested in project preparation. Only through thorough programme design will UNIDO services in future be of relevance to developing countries and attract donor funding.

Co-financing

29. Developing countries and countries in transition will measure the relevance of UNIDO and the progress of the reform, *inter alia*, on the basis of the results achieved in terms of funds mobilization to meet their growing demand for industrial cooperation. In order to be successful in this endeavour, not only "seed money" for project preparation will be required, but also financial resources for co-funded programmes and projects. The principle of co-financing is prevailing within the United Nations system and among bilateral donors as well. The dynamic co-funding approach of UNDP is well known; access to global inter-agency specialized programmes, such as the Global Environment Facility, can be greatly facilitated by the availability of co-funding contributions. The same principle applies to cooperation with development finance institutions, as well as with an increasing number of bilateral assistance programmes.

Adjusting to a changing environment

30. Through the ongoing reform process, the Secretariat is endeavouring to meet the demand for services in a selective and systematic manner and to anticipate trends in demand and global, industry-related developments. Dialogue and continuous consultations with high-level external expertise will be necessary for UNIDO to strengthen its capabilities as a global industry-related "centre of excellence". Within the framework of reform, the analytical and normative functions of UNIDO that are of a global nature will be further developed. Furthermore, UNIDO envisages strengthening its role as a forum for dialogue between countries and regions, boosting networking and cross-fertilization of experience on key industry-related issues.

V. OPTIONS AND IMPLICATIONS

31. The main issue confronting UNIDO remains the overall lack of financial resources for the Organization to be able to meet the demand of developing countries for its services. This is exacerbated by the shortage of programmable resources that can be used flexibly as "seed money". The current level of pledges to the general-purpose convertible segment of the Industrial Development Fund is insufficient to support the required programme and project development.

32. The issue of the 6 per cent share needs to be seen in the context of longer-term considerations of future

programmes and priorities. Examples of this are the proposals to increase regular budget financing of a stronger field representation, and to further strengthen substantive programmes through redeployment of resources from administrative and other support programmes.

33. In this context, it is important to recall that, since the establishment of UNIDO as a specialized agency, its regular budget has been subject to zero real growth. In a continued zero real growth scenario, any increase in the percentage share of the Regular Programme could be realized only by corresponding reductions in other specific programmes.

34. On the basis of the arguments elaborated in the present report, at this stage two options can be summarized as follows.

(a) Option 1: Maintaining the 6 per cent share

Bearing in mind the criteria governing the use of Regular Programme resources as described in chapter III above, this option would enable the Organization to continue its efforts to mobilize additional extra-budgetary resources through "seed money" programming in full accordance with the medium-term plan development objectives and special considerations and concentration on the seven priority programmatic themes proposed in the draft programme and budgets, 1996-1997 (IDB.14/2-PBC.11/2).

(b) Option 2: Eliminating the 6 per cent ceiling from the Constitution

This option would enable the Organization to react with a greater flexibility to changing levels and patterns of demand for its services by changing the share of the Regular Programme in the overall budget. The General Conference would have to approve the Regular Programme share in each of the biennial programme and budgets of the Organization.

35. As explained in chapter I above, any amendment to the provisions contained in Annex II to the UNIDO Constitution would be subject to an approval process by the legislative organs, which is likely to extend over a period of several years.

VI. ACTION REQUIRED OF THE COMMITTEE

36. The Committee may wish to take note of the information contained in the present report and recommend appropriate action to the Industrial Development Board.

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United Nations Industrial Development Organization

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Item 7 (g) of the provisional agenda

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE: FINANCIAL SITUATION OF UNIDO

Report on the 6 per cent figure set as a regular budget ceiling for technical cooperation activities

Addendum

Report by the Director-General

Summary

Provides information on the implications of possibly changing the present percentage of regular budget resources for technical cooperation activities.

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Introduction

1. In compliance with Industrial Development Board decision IDB.13/Dec.14, paragraph (f), the Director-General submitted to the Programme and Budget Committee at its eleventh session a report on the 6 per cent figure set as a regular budget ceiling for technical cooperation activities IDB.14/6-PBC.11/9. The report provided information on the origin and legal status of the 6 per cent figure, on practices in other organizations, on programming criteria and approval procedures for the UNIDO Regular Programme of Technical Cooperation, as well as its role and impact, and suggested several options with due reference to related implications.

2. At its eleventh session, the Programme and Budget Committee took note of the information contained in document IDB.14/6 and, in conclusion 95/3, requested the Director-General to submit to the Board at its fourteenth session an additional report on the implications of possibly changing the present percentage of regular budget resources for technical cooperation activities, keeping in mind paragraph 33 of document IDB.14/6. That paragraph states, *inter alia*, that in a continued zero real growth scenario, any increase in the percentage share of the Regular Programme could be realized only by corresponding reductions in other specific programmes.

I. REQUIREMENTS AND TIME-FRAME FOR LEGAL PROCEDURES

3. As explained in document IDB.14/6 (para. 6), the provision for the regular budget ceiling for technical cooperation activities is contained as an integral part of the UNIDO Constitution in its Annex II. Any change would thus require an amendment to the Constitution. For an amendment to that Annex to come into force, as stipulated in Article 23.3 of the Constitution, as well as in the rules of procedure of the Board (rule 51, paragraph 1) and the General Conference (rule 92, paragraph 1 (b)) the following procedures would have to be followed:

(a) The amendment should be recommended by the Board to the General Conference by a two-thirds majority of all members of the Board (i.e. 36 of the 53 members of the Board);*

(b) It should be approved by the General Conference by a two-thirds majority of all Members of UNIDO (i.e. 112 of the present 167 Members);*

(c) Should the General Conference approve the amendment, three-fourths of the Member States (i.e. 126 of the present 167) would have to deposit instruments of ratification, acceptance or approval of the amendment with the Depositary.

4. Bearing in mind the above explanations, and difficulty of predicting the delays that may occur in obtaining the instruments of ratification, acceptance or approval from three-fourths of the Member States, any amendment that might be recommended by the Board in June 1995 and approved by the General Conference in December 1995 would be likely to come into effect at the earliest for the programme and budgets for the 1998-1999 biennium.

II. BUDGETARY IMPLICATIONS

5. The percentage for regular budget-financed technical cooperation activities is calculated from the total net regular budget, which is the basis for the assessments paid by Member States. In real terms and at 1995 rates, the total net regular budget proposed for the 1996-1997 biennium amounts to $199,487,300, of which 6 per cent amounts to $11,969,300. An increase for regular budget-financed technical cooperation activities from 6 per cent to, for instance, 7 per cent would require an additional amount of $1,994,873, which would need to be redeployed from other programmes.

6. In order to illustrate the substantive implications of such redeployments, Member States may wish to note that $1,994,873 is the equivalent of, *inter alia*, 21 per cent of the total biennial regular budget and operational budget allocations for Major Programme 400 (Mobilization and Management of Financial Resources), or approximately the total regular budget and operational budget resources of any one of the following Programmes: 220 (Strategic Planning Office), 340 (Arab Countries Programme) or 370 (Latin America and the Caribbean Programme).

7. An increase of the percentage from 6 to 10 per cent, if applied to the proposed 1996-1997 programme and budgets, would require a redeployment of $7,979,500. This amount represents two thirds of Programme 380 (Field Representation) or one third of Major Programme 700 (Industrial Sectors and Environment) or nearly twice the resources allocated to Programme 920 (Industrial Development Decade for Africa).

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* The loss of voting rights by those Members that are in arrears in the payment of their financial contributions to UNIDO as stipulated in Article 5.2 of the Constitution does not affect the number required for a two-thirds majority, which is based on membership.

8. Bearing in mind the budgetary restrictions in view of the continued zero real growth of the UNIDO regular budget, as well as the substantive reductions over the recent bienniums due to the loss of operational budget income, it is evident that any redeployment of funds to Programme 910 (Regular Programme of Technical Cooperation) could only be implemented by significantly reducing or even eliminating other Programmes. Increased resource allocations to programmes accorded highest priority by Member States, such as field representation, would become even more difficult to accommodate.

9. Experience over recent bienniums also shows that the allotment for the Regular Programme of Technical Cooperation has normally been fully implemented while some other Programmes and Subprogrammes, due to cash shortages arising from non-payment of assessed contributions, often suffered from vacancy factors or reduced non-staff allocations, leading to implementation below budgeted levels.

III. TECHNICAL COOPERATION AND OTHER SUBSTANTIVE ACTIVITIES FINANCED FROM THE REGULAR BUDGET—DEFINITION AND RELEVANCE

10. Chapter I of document IDB.14/6 explains, *inter alia*, the historical background of the provisions for regular budget-financed technical cooperation activities. It must be noted that none of the relevant resolutions and decisions contain a clear definition of technical cooperation. Such definition is, however, available from the World Bank Operational Manual (July 1992), which states: "Technical assistance is the transfer, adaptation, mobilization and utilization of services, skills, knowledge, technology and engineering to (a) carry out policy studies and advice; (b) support project preparation and implementation; and (c) enhance a developing country's human, economic, technical, analytical, managerial and institutional capabilities on a sustainable basis." In the same manual, technical cooperation is classified by three types of outputs: (a) policy support; (b) project preparation and implementation support; and (c) institutional development (capacity-building).

11. The basic unit of technical cooperation programmes (including the regular budget-financed Regular Programme) is usually a project. The United Nations Development Programme defines a project as a set of planned interrelated activities in a developing country aimed at achieving defined objectives by producing specified results, with specified resources, within a specified period of time.

12. The programmes and budgets of UNIDO as approved by its policy-making organs thus contain to a considerable extent substantive programmes and activities which by definition overlap with, or prepare the ground for, those technical cooperation activities which are financed from extrabudgetary resources. Programme 920 (Industrial Development Decade for Africa) is a case in point, as are the special programmes for the other developing regions, all of whose activities are only partly financed from the 6 per cent set aside for technical cooperation activities. Other regular budget and operational budget staff and non-staff resources also support those activities. Equally, Programme 930 (Interregional Advisers) provides, *inter alia*, back-up technical support to the technical cooperation activities of the developing countries.

13. The primary objectives of UNIDO—the promotion and acceleration of industrial development in the developing countries and of cooperation on global, regional, national and sectoral levels—are stipulated in Article 1 of the UNIDO Constitution. It is evident that the fulfilment of these objectives is linked with what is generally known as technical cooperation activities under the main functions of the Organization as defined in Article 2 of the Constitution.

IV. ACTION REQUIRED OF THE BOARD

14. The Board may wish to take note of the information contained in the present report and recommend appropriate action to the General Conference.

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LISTS OF STATES INCLUDED IN ANNEX I TO THE CONSTITUTION OF UNIDO

Note by the Secretariat

1. Reference is made to the Lists of States included by the Depositary in Annex I to the Constitution of UNIDO, contained in document UNIDO/GC.1/3. According to Annex I to the Constitution, the Lists of States to be included by the Depositary (Secretary-General of the United Nations) in that Annex are the lists determined by the General Assembly of the United Nations for the purpose of section II, paragraph 4, of General Assembly resolution 2152 (XXI), as in effect on the date the Constitution entered into force, namely on 21 June 1985.

2. As of 11 April 1995, 167 States were Members of UNIDO. Of these, 156 are shown in the Lists of States to be included by the Depositary in Annex I to the Constitution (see overleaf). The following 11 States have become Members of UNIDO but are not yet included in any of those lists:

State	Date of accession
Croatia	2 June 1992
Slovenia	11 June 1992
Bosnia and Herzegovina	1 October 1992
Georgia	30 October 1992
Kyrgyzstan	8 April 1993
The former Yugoslav Republic of Macedonia	27 May 1993
Republic of Moldova	1 June 1993
Tajikistan	9 June 1993
Azerbaijan	26 November 1993
Uzbekistan	26 April 1994
Turkmenistan	16 February 1995

Pursuant to paragraph 1 of Annex I to the Constitution, if a State not listed in any of those lists becomes a Member of UNIDO, the General Conference shall decide, after appropriate consultations, in which of those lists it is to be included. The matter will be brought to the attention of the Conference at its sixth session for consideration.

3. The present note supersedes document IDB.12/10.

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A. States from List A of document UNIDO/GC.1/3

Afghanistan
Algeria
Angola
Bahrain
Bangladesh
Benin
Bhutan
Botswana
Burkina Faso
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
China
Comoros
Congo
Côte d'Ivoire
Democratic People's Republic of Korea
Djibouti
Egypt
Equatorial Guinea
Ethiopia
Fiji
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
India
Indonesia
Iran (Islamic Republic of)
Iraq
Israel
Jordan
Kenya
Kuwait
Lao People's Democratic Republic
Lebanon
Lesotho
Liberia
Libyan Arab Jamahiriya
Madagascar
Malawi
Malaysia
Maldives
Mali
Mauritania
Mauritius
Mongolia
Morocco
Mozambique
Myanmar
Namibia
Nepal
Niger
Nigeria
Oman
Pakistan
Papua New Guinea
Philippines
Qatar
Republic of Korea
Rwanda
Sao Tome and Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Somalia
Sri Lanka
Sudan
Swaziland
Syrian Arab Republic
Thailand
Togo
Tonga
Tunisia
Uganda
United Arab Emirates
United Republic of Tanzania
Vanuatu
Viet Nam
Yemen
Yugoslavia a/
Zaire
Zambia
Zimbabwe

B. States from List B of document UNIDO/GC.1/3

Australia
Austria
Belgium
Cyprus
Denmark
Finland
France
Germany
Greece
Ireland
Italy
Japan
Luxembourg
Malta
Netherlands
New Zealand
Norway
Portugal
Spain
Sweden
Switzerland
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America

C. States from List C of document UNIDO/GC.1/3

Argentina
Bahamas
Barbados
Belize
Bolivia
Brazil
Chile
Colombia
Costa Rica
Cuba
Dominica
Dominican Republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Suriname
Trinidad and Tobago
Uruguay
Venezuela

D. States from List D of document UNIDO/GC.1/3

Albania
Armenia
Bulgaria
Belarus
Czech Republic
Hungary
Lithuania
Poland
Romania
Russian Federation
Slovakia
Ukraine

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a/ Concerning Yugoslavia, see resolution GC/S.1/Res.1 adopted by the General Conference at its first special session.

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United Nations Industrial Development Organization

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Industrial Development Board

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Item 13 of the provisional agenda

PERSONNEL MATTERS

Report by the Secretariat

Summary

Brings to the attention of the Board the recommendations of the International Civil Service Commission (ICSC) approved by the United Nations General Assembly in resolution 49/223, sections III.C and D and the consequent amendments to schedules I and III and annex I to the staff regulations; also amendments introduced to appendices A, C and G to the staff rules. Calls for action by the Board concerning the membership to the UNIDO Staff Pension Committee, and brings to its attention General Assembly resolution 49/224 on pension matters. Reports on various aspects of the staff of the Secretariat.

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Introduction

1. The present document represents a consolidated text covering a range of personnel matters, combining information on: (a) system-wide developments and their implications for the UNIDO Secretariat; (b) the UNIDO Staff Pension Committee and developments concerning the United Nations Joint Staff Pension Board; (c) the status of women in the UNIDO Secretariat; and (d) matters related to recruitment and training of staff, referred to by the Industrial Development Board in its decision IDB.13/Dec.2.

I. MATTERS RELATED TO STAFF REGULATIONS AND RULES

A. Amendments to schedules I and III and annex I to the staff regulations

2. As provided in Article 11.5 of the Constitution of UNIDO, "The conditions of service of staff shall conform as far as possible to those of the United Nations common system." In accordance with that principle, regulation 13.3 of the Staff Regulations of UNIDO provides that the Director-General is authorized, within the budgetary level approved by the General Conference, to make appropriate amendments to the schedules and annexes to the staff regulations so as to bring them into conformity with any relevant decisions that may be taken by the General Assembly of the United Nations on the recommendation of the International Civil Service Commission (ICSC).

3. In section III.C of resolution 49/223, the General Assembly recalled section I.H, paragraph 1 of its resolution 44/198 of 21 December 1989, in which it approved the establishment of a floor net salary level by reference to the corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service (the United States of America federal civil service). The Assembly also recalled section II.C, paragraph 2, of its resolution 48/224, in which it requested ICSC to review and, if necessary, recommend revised rates of staff assessment consequential upon changes in the base/floor salary scale. Accordingly, the General Assembly approved, with effect from 1 March 1995, a revised scale of gross and net salaries for staff in the Professional and higher categories, through the consolidation of 4.1 multiplier points of post adjustment into the net base salary. In order to ensure that, on implementation of the revised scale, no increase or loss in net remuneration (base salary plus post adjustment) were incurred, consequential adjustments, on a no-loss no-gain formula, in the post adjustment indices and multipliers of all duty stations, including Vienna, were introduced by ICSC effective 1 March 1995.

4. In section III.D of the same resolution, the General Assembly approved, with effect from 1 January 1995, an increase of 10.26 per cent in the levels of the children's and the secondary dependant's allowances for

staff in the Professional and higher categories, and took note of the hard currency duty stations for which the allowances are specified in local currency, including Austria. Accordingly, in United States dollar terms the children's allowance was raised from $1,270 to $1,400 and the secondary dependant's allowance from $450 to $500 for eligible staff in the Professional and higher categories. In Austrian schillings the amounts were raised from AS 20,709 to AS 22,834 and from AS 7,650 to AS 8,435.

5. Pursuant to staff regulation 13.3, schedule I (salary scales for the Professional and higher categories), schedule III (staff assessment) and annex I (dependency allowances) to the UNIDO staff regulations have been amended as explained below.

Schedule I: Salary scales for the Professional and higher categories

6. The revised salary scales as approved by the General Assembly in resolution 49/223 are contained in annex I to the present document.

Schedule III: Staff assessment

7. In order to reflect the decision of the General Assembly, the table entitled "Assessment (continued)" in paragraph (i) has been replaced (see annex II to the present document).

Annex I: Dependency allowances

8. The full text of the amended annex to the staff regulations is contained in annex III to the present document. The changes are marked by underlining and deletions are shown in square brackets.

B. Amendments to appendices A, C and G to the staff rules

Appendix A to the staff rules

9. Staff regulation 6.5 (a) provides that "The Director-General shall fix the salary scales for staff in the General Service and related categories, normally on the basis of the best prevailing conditions of employment in the locality, taking into account the recommendations of the International Civil Service Commission." Based on the approved ICSC methodology for an automatic interim adjustment of the salary scales, and in consultation with the other Vienna-based organizations, the Director-General implemented effective 1 April 1995, an interim salary adjustment of 2.74 per cent for staff in the General Service and related categories. The amendment of appendix A to the staff rules will be contained in Director-General's Bulletin UNIDO/DG/B/Staff Rules/1/Rev.1/Amend.10.

Appendix C to the staff rules

10. In accordance with the procedure approved by the General Assembly in its resolution 41/208 for adjusting the pensionable remuneration in between comprehensive reviews, and following the promulgation by ICSC of the revised scales of pensionable remuneration, appendix C to the staff rules has been amended to show the revised scales of pensionable remuneration for the Professional and higher categories, effective 1 November 1994. The amendment of appendix C to the staff rules is contained in Director-General's Bulletin UNIDO/DG/B/Staff Rules/1/Rev.1/Amend.8 of 22 December 1994.

Appendix G to the staff rules

11. Following consultations with the Staff Council, as called for in paragraph (c) of Board decision IDB.13/Dec.26 and in Article V of the staff regulations, the relevant parts of appendix G to the staff rules were amended. The amendments were made to reflect the revised lump sum option for home leave travel and to delete the former provision that excluded the use of fares based on fixed reservation dates.

12. The revised lump sum option for home leave travel is equivalent to 75 per cent of the cost of the full economy fare by the least costly, regularly scheduled air carrier on the most direct and economical route between the duty station and the closest airport to the established place of home leave. By introducing the full economy fare as the basis for the lump sum calculation, administrative procedures were simplified, which will result in additional savings on administrative costs. Further savings will accrue by the discontinuance of all additional payments for transportation, stopovers, terminal expenses, accompanied excess baggage, unaccompanied shipments and other incidental expenses for those staff members who opt for the lump sum arrangement. The revised lump sum option also ensures more equitable treatment of staff as full economy fares are available throughout the world, at the same time achieving consistency with other Vienna-based organizations. During the first quarter of 1995, which is not a high season for home leave travel, a total of 13 staff members requested home leave travel, of which nine chose the 75 per cent lump sum option.

13. Annex IV to the present document contains the relevant revised provisions of appendix G to the staff rules. The full text of the appendix is contained in document UNIDO/DG/B/Staff Rules/1/Rev.1/Amend.9 of 22 December 1994.

C. Financial implications

14. As stated in paragraph 2 above, the consolidation of post adjustment multiplier points into the net base

salary for staff in the Professional and higher categories was coupled with a corresponding downward adjustment in the post adjustment portion of remuneration, based on a no-loss no-gain formula. Therefore, no financial implications emanated from those adjustments.

15. The increase in dependency allowances for eligible staff in the Professional and higher categories, as stated in paragraph 3 above, will result in minimal financial implications which can be absorbed within the staff costs approved by the General Conference for the biennium.

16. The estimated financial costs of the 1995 interim adjustment for staff in the General Service and related categories at $1 = AS 12.90 are $599,000 for the regular budget and $132,000 for the operational budget. They can be absorbed within the appropriations already approved by the General Conference for the biennium.

II. PENSION MATTERS

A. Representation of the UNIDO governing body on the UNIDO Staff Pension Committee

17. The UNIDO Staff Pension Committee, established by the General Conference (GC.1/Dec.37), held three meetings in 1994 and one in the period January through April 1995.

18. The following representatives of the General Conference, who by decisions GC.5/Dec.12 and IDB.12/Dec.3 were elected for the biennium 1994-1995, presently hold office for a term ending 31 December 1995:

Members:	Mr. A. Aziria (Algeria) Mr. A. Hennessy (United Kingdom of Great Britain and Northern Ireland)
Alternate member:	Mr. S. Szivos (Hungary)

19. Mr. García Torres (Peru) had served the Committee as a member representing the General Conference until March 1995, when he resigned from that function. Thus, the post of one alternate member has become vacant. In that connection it will be recalled that the General Conference, in its decision GC.5/Dec.12, paragraph (c), authorized the Industrial Development Board to proceed with the election for any of the posts which might become vacant before the sixth session of the Conference.

20. The General Conference at its sixth session will be called upon to elect two members and two alternate members as its representatives for a two-year term of office ending 31 December 1997.

B. Actions taken by the forty-ninth session of the General Assembly

21. In resolution 49/224 of 23 December 1994, the General Assembly endorsed recommendations made by the forty-sixth session of the United Nations Joint Staff Pension Board as outlined in paragraph 18 of document IDB.13/18. In the same resolution, the General Assembly decided to admit to the Pension Fund the International Centre for Genetic Engineering and Biotechnology (ICGEB), which had fulfilled the conditions of the Assembly; ICGEB thus will become the seventeenth member organization of the Fund on 1 January 1996.

III. WOMEN IN THE SECRETARIAT

Progress report on the representation of women in the Professional category

22. The General Conference in its resolution GC.5/Res.19 recalled its decision GC.4/Dec.24 as well as Industrial Development Board decisions IDB.7/Dec.22 and IDB.8/Dec.18, calling for efforts to increase the representation of women in the Secretariat, particularly at the senior and decision-making levels, and to achieve to the extent possible, and within existing resources, targets for the overall representation in geographical posts by 1993 and 1995 of 25 and 30 per cent respectively. In the same resolution, the General Conference took note with appreciation of the Annual Report of the Director-General for 1992 in which progress towards the target of 25 per cent overall representation of women in the Secretariat was reported. However, the Conference noted that there had been no increase in women at the senior level and urged the Director-General to give special attention to the recruitment and promotion of women to reach the target set in decision IDB.7/Dec.22. The Conference further urged the Director-General to take steps to remedy the situation regarding representation of women at the senior level and appealed to Member States to encourage applications for vacancies from women and to nominate women candidates, particularly at the senior level.

23. As reported in the *Annual Report of UNIDO 1993* (IDB.12/2, chap.VII, para. 7), the upward trend of previous years in the representation of women in posts subject to geographical distribution continued until July 1993, when the target of 25 per cent set for the end of 1993 was exceeded. The trend, however, suffered a setback in the second part of 1993 through the significant slow-down in recruitment at that time. As can be seen from figure 1 (annex V to the present document), the overall proportion of women has remained constant since then, and on 30 April 1995 was 24.7 per cent.

24. *The Annual Report of UNIDO 1993* also indicated that women's representation at the senior Professional levels had been affected in the staff reduction programme, mainly through voluntary separations. Furthermore, in the report of the External Auditor for the biennium 1992-1993 (IDB.13/7), the disparity in ages between men and women at the P-5 level was highlighted. In an effort to address the issues affecting the representation of women at the senior Professional level, the Director-General decided to apply special measures by assigning more women to senior-level posts and by averaging the service of female Professional staff members at two levels in determining their seniority in grade for promotion purposes. As can be seen from figure 1 and table 1 (annex V to the present document), these measures have resulted in a significant increase in the proportion of women at the senior Professional level, rising from 7.1 per cent in 1993 to the current level of 13.6 per cent, which is near the target of 15 per cent for 1995. In addition, whereas the average age of men at the P-5 level as reported by the External Auditor has remained constant at 53 years, the average age of women at this level has decreased from 56 years of age in 1993 to 50 as of 1 April 1995.

25. While progress has been made in the representation of women at the senior Professional level, it is unlikely that UNIDO can reach the target of 30 per cent overall female representation at the Professional level by the end of 1995. As pointed out in document IDB.11/11, paragraph 177, progress towards the target of 30 per cent by 1995 would depend on such factors as the financial situation of the Organization to fill vacancies, and, with the cooperation of Member States, on the identification of appropriate women candidates.

26. Recruitment levels have varied considerably since the overall target of 30 per cent was set, and the fact that recruitment has not continued at the same pace has affected the ability of the Secretariat to reach this target. Furthermore, within the context of the restructuring of UNIDO, it was decided to update and re-focus the roster of candidates with a view to ensuring that the skills available on the roster reflected the new needs and priorities of UNIDO. This has resulted in a reduction in the number of candidates in the roster from 2,726 in April 1993, to 1,556 in April 1995. While the proportion of female candidates increased from 21.2 to 23.2 per cent during the same period, the absolute number of female candidates has decreased from 578 to 361. Table 3 (annex V) shows the number of candidates on the secretariat roster by gender as of 30 April 1995. That notwithstanding and given the varied recruitment levels described above, efforts to increase the number of women Professionals recruited have intensified. These have included requests to UNIDO Country Directors to identify women candidates from developing countries. Consideration is also being given to closer cooperation with the United Nations Development Programme in an effort to tap in on their experience in this area. Other alternatives will also be explored so that UNIDO recruitment procedures can become more proactive in identifying sources of female candidates.

27. The noticeable shift in the proportion of women from lower to middle Professional grades, as reported in document IDB.11/11, paragraph 179, has developed to encompass the senior Professional level, as can be seen from figure 2. Thus, while in April 1993 only 11.2 per cent of all Professional women were at the P-5 level or above, that proportion had increased to 20.8 per cent by April 1995. Correspondingly, the percentage of women in the lower Professional categories (below P-4) has further decreased from 51.7 to 46.8 per cent.

28. The workshops conducted under the management development programme aim at incorporating awareness-building of cultural diversity and gender issues into its training modules. Leadership styles and effective management workshops continue to examine how gender and culture affect management styles and relationships in the working environment. Women's participation in these workshops has been specifically encouraged. In 1994, the proportion of women participants attending various modules of the management development programme ranged from 32 to 58 per cent.

29. The membership of the Joint Advisory Committee Sub-Committee on Women, established in response to Industrial Development Board decision IDB.8/Dec.18, was renewed in 1994. In February 1995, Director-General's Bulletin UNIDO/DG/B.188 was issued, in which the Director-General drew attention to the recommendations of the Sub-Committee and to the established targets for the participation of women in Professional posts. The Bulletin emphasized that the incorporation of those recommendations into organizational policy reflected the commitment of management to improving the status of women in the Secretariat. It also emphasized that, within the context of managerial accountability, the status of women would be under constant review in order to appraise the effectiveness of the measures adopted.

30. The Administrative Committee on Coordination (ACC), at its session held in Vienna from 27 to 28 February 1995, discussed the need to improve the status of women in the secretariats of the United Nations system and adopted a policy statement on the subject. Annex VI to the present document contains the text of the ACC statement.

IV. OTHER MATTERS

31. The Board, in decision IDB.13/Dec.2 on organizational and staff structure, recalled in paragraph (e) that in any consideration of appointment for posts, *inter alia* those of Managing Directors, due regard should also be paid to the importance of recruiting staff on a wide and equitable geographical basis. In paragraph (h) of the same decision, the Board commended the Director-General on his efforts in the area of staff development and training and encouraged him to continue those efforts. In the interim period, efforts have continued with regard to the filling of posts on a wide and equitable geographical basis with regard to both managerial and lower level posts. From the last Board session held in November 1994 to date, of 12 recruitment cases against advertised vacancies, 6 were from under- or unrepresented countries. In order to meet the requirements of established priority programmes, efforts to identify candidates at the highest level of competence and integrity will continue while also satisfying geographical and gender requirements.

32. In the area of staff development and training, special emphasis is being placed on the upgrading of technical skills in support of the seven programmatic themes of the Organization (document IDB.14/13). In-house training in computer skills continues to be offered to all staff. Other technical in-house courses include quality assurance, project design and development, gender issues in industry, and environmental awareness and technology. Courses in other areas such as feasibility studies, statistical analysis and total quality management are arranged as required.

33. Within the context of technical skills upgrading, special arrangements are being developed to address individual requests for training requirements in highly technical areas.

34. In the area of management development, workshops are conducted in effective presentation skills, meetings management, how to address the public media and leadership skills for Professional staff, and in communication skills and office organization and efficiency for General Service staff. Training in team building is organized on a divisional and cross-organizational basis and performance appraisal workshops are available to staff at all levels.

35. General knowledge seminars continue to be conducted on UNIDO's main programmes, technological trends and special issues related to industrial development strategies.

36. The language training programme provides instruction in the six official United Nations languages and German to staff of UNIDO, the other United Nations office at Vienna and other organizations and Permanent Missions. In addition, workshops are conducted in specific work-related areas.

37. To support a coherent training scheme and the above-mentioned activities, an updated policy on learning and skills upgrading will be institutionalized. It will highlight the responsibilities of all parties to the learning process.

V. ACTION REQUIRED OF THE BOARD

38. The Board may wish to consider the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the information contained in the report by the Secretariat (IDB.14/8), in particular regarding resolutions 49/223, sections III.C and D, and 49/224 adopted by the United Nations General Assembly;

"(b) Notes the amendments made, in pursuance of staff regulation 13.3, to schedules I and III and annex I to the Staff Regulations of UNIDO in order to bring them into conformity with the decisions of the General Assembly set out in its resolution 49/223, sections III.C and D;

"(c) Also notes the amendments to appendices A, C and G to the Staff Rules of UNIDO as reflected in paragraphs 9 to 13 of document IDB.14/8;

"(d) Notes the information on women in the Secretariat contained in chapter III of document IDB.14/8."

39. The Board is invited to elect, in accordance with General Conference decision GC.5/Dec.12, one alternate member to fill the vacant post in the UNIDO Staff Pension Committee for the remainder of the 1994-1995 biennium. The Board is also invited to recommend to the General Conference at its sixth session candidates for the election of two members and two alternate members of the UNIDO Staff Pension Committee by the Conference for the 1996-1997 biennium. In order to maintain continuity, the Board may wish to recommend at least one person who has served previously on the Committee as member or alternate member.

Annex I

SCHEDULE I

SALARY SCALES FOR THE PROFESSIONAL AND HIGHER CATEGORIES SHOWING ANNUAL GROSS SALARIES AND THE NET EQUIVALENTS AFTER APPLICATION OF STAFF ASSESSMENT
(United States dollars)

Effective 1 March 1995

	STEPS														
LEVEL	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
Assistant Secretary-General															
ASG Gross	131 617														
Net D	85 972														
Net S	77 763														
Director															
D-2 Gross	107 062	109 482	111 934	114 394	116 855	119 317									
Net D	71 946	73 349	74 752	76 154	77 558	78 961									
Net S	66 026	67 236	68 414	69 582	70 751	71 921									
Principal Officer															
D-1 Gross	94 299	96 371	98 442	100 510	102 581	104 653	106 724	108 795	110 880						
Net D	64 544	65 745	66 946	68 146	69 347	70 549	71 750	72 951	74 152						
Net S	59 645	60 680	61 716	62 750	63 786	64 821	65 857	66 893	67 913						
Senior Officer															
P-5 Gross	82 807	84 650	86 492	88 335	90 181	92 053	93 927	95 802	97 674	99 548	101 423	103 295	105 170		
Net D	57 806	58 893	59 981	61 068	62 155	63 241	64 328	65 415	66 501	67 588	68 675	69 761	70 848		
Net S	53 611	54 606	55 601	56 596	57 585	58 522	59 459	60 396	61 332	62 269	63 206	64 143	65 080		
First Officer															
P-4 Gross	67 706	69 475	71 240	73 005	74 774	76 565	78 362	80 159	81 955	83 751	85 546	87 346	89 141	90 954	92 782
Net D	48 824	49 885	50 944	52 003	53 064	54 123	55 183	56 244	57 304	58 363	59 422	60 484	61 543	62 603	63 664
Net S	45 413	46 378	47 342	48 306	49 271	50 240	51 210	52 181	53 151	54 120	55 090	56 062	57 031	57 972	58 886
Second Officer															
P-3 Gross	54 837	56 463	58 097	59 727	61 361	62 993	64 624	66 279	67 938	69 599	71 258	72 917	74 576	76 256	77 945
Net D	40 997	41 993	42 989	43 983	44 980	45 975	46 971	47 967	48 963	49 959	50 955	51 950	52 946	53 941	54 938
Net S	38 291	39 197	40 104	41 009	41 915	42 821	43 727	44 633	45 539	46 446	47 352	48 258	49 164	50 073	50 985
Associate Officer															
P-2 Gross	43 754	45 131	46 543	47 957	49 369	50 783	52 197	53 609	55 026	56 485	57 943	59 405			
Net D	33 990	34 882	35 772	36 663	37 553	38 443	39 334	40 224	41 116	42 006	42 895	43 787			
Net S	31 914	32 730	33 539	34 349	35 158	35 969	36 779	37 588	38 399	39 209	40 018	40 830			
Assistant Officer															
P-1 Gross	32 951	34 212	35 492	36 809	38 125	39 440	40 760	42 075	43 391	44 708					
Net D	26 907	27 764	28 620	29 476	30 331	31 186	32 044	32 899	33 754	34 610					
Net S	25 412	26 208	26 997	27 781	28 564	29 347	30 132	30 915	31 698	32 481					

D = Rate applicable to staff members with a dependent spouse or child.
S = Rate applicable to staff members with no dependent spouse or child.

Annex II

SCHEDULE III

STAFF ASSESSMENT

Regulation 6.8 (a)

(i) The assessment shall be calculated at the following rates for staff whose salary rates are set forth in regulation 6.1 of the present regulations:

Assessment
(in percentages)

Total assessable payments (US dollars)	Staff assessment rates for purposes of pensionable remunerations and pensions
First $15,000 per year	4
Next $10,000 per year	20
Next $10,000 per year	25
Next $20,000 per year	29
Next $20,000 per year	32
Next $20,000 per year	35
Next $30,000 per year	37
Remaining assessable payments	39

Staff assessment rates used in conjunction with gross base salaries and the gross amounts of separation payments

Total assessable payments (US dollars)	Staff member with a dependent spouse or a dependent child	Staff member with neither a dependent spouse nor a dependent child
First $15,000 per year	9.0	12.4
Next $ 5,000 per year	21.0	26.9
Next $ 5,000 per year	25.0	30.3
Next $ 5,000 per year	29.0	34.6
Next $ 5,000 per year	32.0	36.9
Next $10,000 per year	35.0	40.5
Next $10,000 per year	37.0	42.8
Next $10,000 per year	39.0	44.5
Next $10,000 per year	40.0	45.4
Next $15,000 per year	41.0	46.0
Next $20,000 per year	42.0	50.0
Remaining assessable payments	43.0	52.5

(ii) The assessment shall be calculated at the following rates for staff whose salary rates are established under regulation 6.5 (a) of the present regulations:

Total assessable payments (US dollars)	Assessment (per cent)
First $2,000 per year	15
Next $2,000 per year	18
Next $2,000 per year	20
Next $2,000 per year	21
Next $4,000 per year	22
Next $4,000 per year	23
Next $4,000 per year	24
Next $6,000 per year	25
Next $6,000 per year	25.5
Next $6,000 per year	26
Next $8,000 per year	26.5
Next $8,000 per year	27
Next $8,000 per year	27.5
Next $8,000 per year	28
Remaining assessable payments	29

(iii) The Director-General shall determine which of the scales of assessment set out in (i) and (ii) above shall apply to staff whose salary rates are established under regulation 6.4 or 6.6 of the present regulations.

Annex III

DEPENDENCY ALLOWANCES: FULL TEXT OF ANNEX I, PARAGRAPH A, TO THE UNIDO STAFF REGULATIONS

Regulation 6.9

A. Staff members whose salary rates are set forth in schedule I of the present regulations shall be entitled to receive dependency allowances as follows:

(i) At $US 1,400, [1,270] per year for each dependent child, except that the allowance shall not be paid in respect of the first dependent child if the staff member has no dependent spouse, in which case the staff member shall be entitled to the dependency rate of staff assessment under subparagraph (i), regulation 6.8 (a), schedule III. When a dependent child is determined to be physically or mentally handicapped either permanently or for a period expected to be of a long duration, the allowance shall be $US 2,800 [2,540]. If the staff member has no dependent spouse and becomes entitled to the dependency rate of staff assessment by virtue of such a child, an allowance of $US 1,400 [1,270] shall be payable in respect of the child.

(ii) Where there is no dependent spouse, a single annual allowance of $US 500 [450] per year for either a dependent parent, a dependent brother or a dependent sister. The amount of either of these allowances payable in local currency shall not be less than the local currency equivalent of the dollar amount at the time it was established or last revised;

Annex IV

AMENDMENTS TO APPENDIX G TO THE STAFF RULES

Official travel

OLD	NEW
Standard of accommodation	Standard of accommodation
(d) Deputy Directors-General and, where applicable, their eligible family members shall be provided with accommodation in the class immediately below first class, irrespective of the duration of a particular flight.*	(d) Deleted. (Subsequent paragraphs have been renumbered).
(f) For all travel for which the least costly air-fare provision applies, economy class or air excursion fares shall be used, wherever available and applicable. Fares based on fixed reservation dates shall be excluded.*	(e) For all travel for which the least costly air-fare provision applies, economy class or air excursion fares shall be used, wherever available and applicable.
Special arrangements for home leave travel	Special arrangements for home leave travel
(s) As an alternative to the travel arrangements described in paragraphs (d) to (k) above, a staff member authorized to travel on home leave may request payment of an amount equivalent to 80 per cent of his or her entitlement, i.e. the air-fare as defined in paragraphs (d) to (k) above as well as excess baggage allowance and terminal expenses,as applicable. A staff member availing himself or herself of such arrangement shall be free to make his or her own travel arrangements, without restriction on the choice of travel agent or mode, route and standard of travel except travel by private car. The staff member may be required to submit proof that he or she as well as eligible family members spent a minimum of 14 days in the country of home leave in accordance with appendix F to the Staff Rules, paragraph (l). The 80 per cent cash payment may also be requested by staff members who elect to travel by car. However, in their case the amount paid shall be limited to the cost of transporting the staff member and the first eligible family member only, irrespective of the actual number of persons travelling in the car or the number of cars used. Alternatively, staff members may continue to claim mileage rate reimbursement and travel subsistence allowance as defined in paragraph (p) above. Staff members who elect to travel by car are not covered by the provisions of appendix D to the Staff Rules concerning compensation for travel-incurred illness, injury or death.	(r) As an alternative to the travel arrangements described in paragraphs (d) to (j) above, a staff member authorized to travel on home leave may request payment of an amount equivalent to 75 per cent of the cost of the full economy-class fare by the least costly regularly scheduled air carrier on the most direct and economical route between the duty station and the closest airport to the established place of home leave. For children entitled to reduced-fare tickets, the lump-sum amount will be equivalent to 75 per cent of the applicable reduced fare. A staff member availing himself or herself of such an arrangement shall be free to make his or her own travel arrangements, without restriction on the choice of travel agent or mode, route and standard of travel except travel by private car. This arrangement is deemed to cover all other entitlements relating to the specific travel, including surface travel in the country of destination. By selecting this option, staff members will agree to waive all other entitlements in respect of that travel contained in the Staff Rules and will not be entitled to any further amount for transportation, rest stopovers, terminal expenses, accompanied excess baggage and unaccompanied shipments or for other incidental expenses. Staff members will be covered by the provisions of appendix D to the Staff rules if the travel is via the most direct route to and from the duty station and the established place of home leave. The staff member may be required to submit proof that he or she as well as eligible family members spent a minimum of 14 days together in the country of home leave in accordance with appendix F to the Staff Rules, paragraph (l).

* Underlined sentences in paragraphs (d) and (f) above have been deleted.

OLD	NEW
	(s) The provisions of staff rules 108.07 and 208.08 on compensation for loss of or damage to personal effects will not apply if the staff member selects this arrangement.
	(t) The 75 per cent cash payment may also be requested by staff members who elect to travel by car. However, in their case the amount paid shall be limited to the cost of transporting the staff member and the first eligible family member only, irrespective of the actual number of persons travelling in the car or the number of cars used. Alternatively, staff members may continue to claim mileage rate reimbursement and travel subsistence allowance as defined in paragraphs (n) and (o) above. Staff members who elect to travel by car are not covered by the provisions of appendix D to the Staff Rules concerning compensation for travel-incurred illness, injury or death.

Annex V

COMPOSITION OF PROFESSIONAL STAFF

Table 1
Professional staff, by gender a/
(as of 30 April 1995)

Grade	Total no. of staff	Male	Female	Male (%)	Female (%)
D-2	6	4	2	67	33
D-1	24	24	0	100	0
P-5	88	74	14	84	16
P-4	117	92	25	79	21
P-3	53	33	20	62	38
P-2	24	8	16	33	67
Total	**312**	**235**	**77**		

Table 2
Professional staff, by List of Member States a/
(as of 30 April 1995)

List of States b/	Male	%	Female	%	Total
A and C	83	75.5	27	24.5	110
B	113	69.8	49	30.2	162
D	32	100.0	0	0.0	32
Others	7	87.5	1	12.5	8
Total	**235**	**75.3**	**77**	**24.7**	**312**

Table 3
Number of candidates on the Secretariat roster
(as of 30 April 1995)

List of States b/	Male	%	Female	%	Total
A and C	648	78.9	173	21.1	821
B	445	73.0	165	27.0	610
D	62	83.8	12	16.2	74
Others	40	78.4	11	21.6	51
Total	**1195**	**76.8**	**361**	**23.2**	**1556**

a/ In posts subject to geographical distribution.
b/ Refers to Lists of States included in Annex I to the Constitution (IDB.14/7).

Figure 1
Women in Professional posts a/
(Percentage)

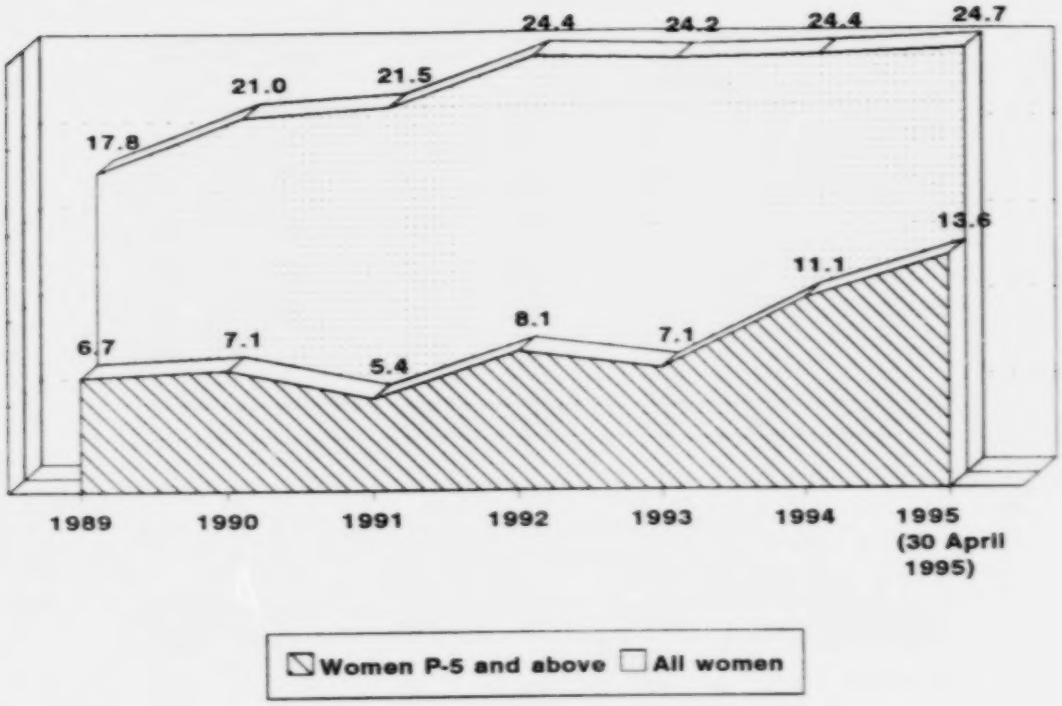
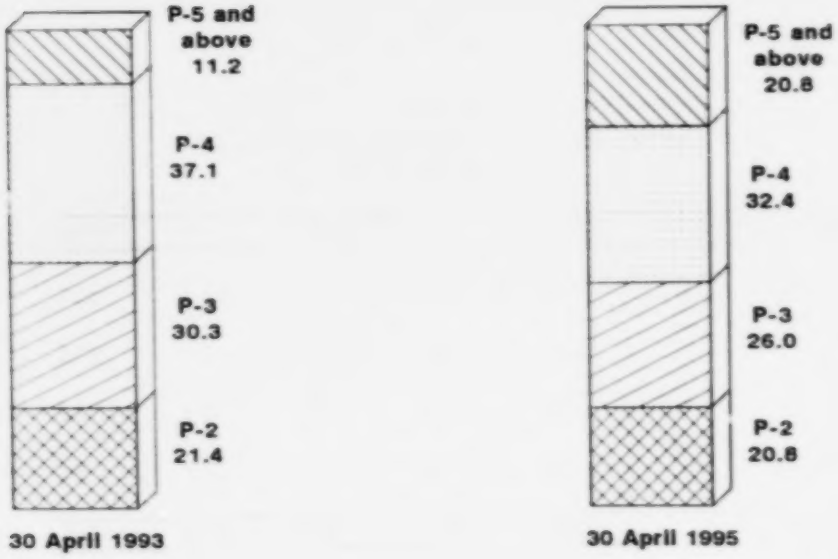


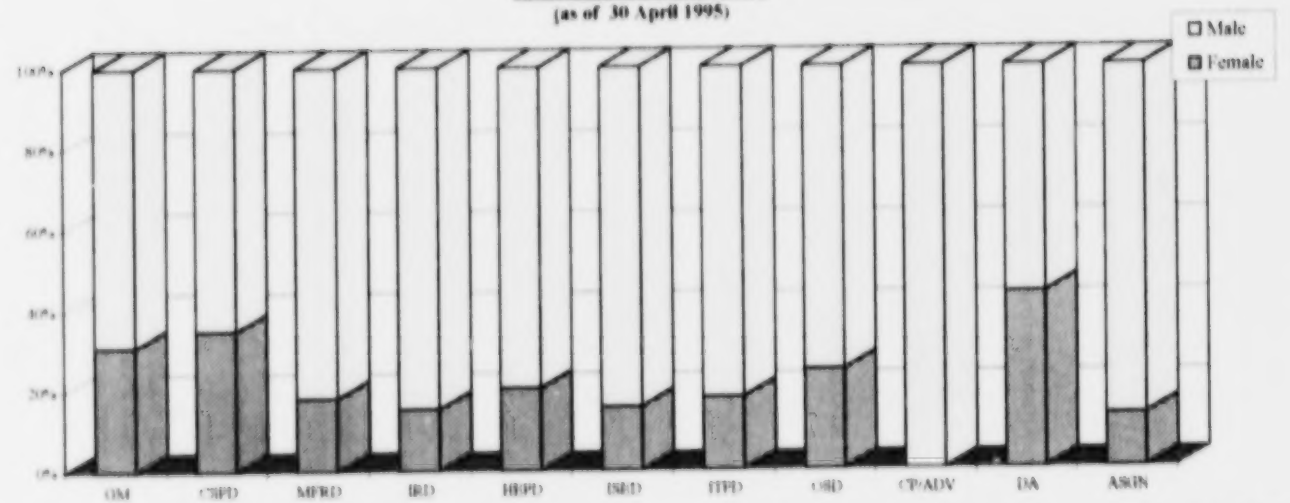
Figure 2
Distribution of women a/
(Percentage)



a/ in posts subject to geographical distribution.

Figure 3

Professional staff, by gender a/
(as of 30 April 1995)



	GM	CSPD	MFRD	IRD	HEPD	ISED	ITPD	OSD	CP/ADV	DA	ASGN	TOTAL
Female	9	14	4	4	7	7	8	4	0	18	2	77
Male	20	26	18	22	27	37	36	12	1	23	13	235
Total	29	40	22	26	34	44	44	16	1	41	15	312

Female %	31.0%	35.0%	18.2%	15.4%	20.6%	15.9%	18.2%	25.0%	0.0%	43.9%	13.3%	24.7%
Male %	69.0%	65.0%	81.8%	84.6%	79.4%	84.1%	81.8%	75.0%	100.0%	56.1%	86.7%	75.3%

a/ In posts subject to geographical distribution

Abbreviations:

GM	General Management
CSPD	Country Strategy and Programme Development Division
MFRD	Mobilization and Management of Financial Resources Division
IRD	Information and Research Division
HEPD	Human Resource, Enterprise and Private Sector Development Division
ISED	Industrial Sectors and Environment Division
ITPD	Investment and Technology Promotion Division
CP/ADV	Common Programmes - Interregional Advisers
OSD	Operational Support Division
DA	Division of Administration
ASGN	Staff on assignment

Annex VI

ACC STATEMENT ON THE STATUS OF WOMEN IN THE SECRETARIATS OF THE UNITED NATIONS SYSTEM

1. The members of ACC reaffirm their strong commitment to ensuring that the advancement of women is a policy priority within the organizations of the common system and to taking necessary measures to improve the status of women in their respective secretariats. Key to the achievement of gender equality goals is management commitment at the highest levels.

2. ACC is conscious that progress to date has, with some exceptions, been limited. While the overall proportion of women has increased in most organizations, the number of women in senior and policy-making positions remains low. A concerted effort needs to be made to implement existing policies fully, as well as to develop new initiatives to increase the participation of women at senior levels.

3. In the development of action plans, in the context of the overall human resources management strategies of the organizations of the system, emphasis will be placed on clear, specific, short-term targets, preferably at the level of organizational units. Efforts will be made to increase the flexibility with which the system deals with women candidates, to remove obstacles to their recruitment, retention, promotion and mobility, and to create a supportive environment. In addition to developing specific policies and monitoring mechanisms, Executive Heads intend to hold senior managers accountable for the implementation of these policies at the level at which the targets are set.

4. In light of the above, consideration will be given by members of ACC to the following to facilitate recruitment of women:

(i) The feasibility of treating all women staff members of common system organizations as internal candidates in applying for vacant posts in any organization of the system;

(ii) Requesting organizations to utilize their field presences to prospect for women candidates in all disciplines;

(iii) In cases where Member States are to submit candidatures, urging Governments to submit at least one or more qualified female candidates for each position.

5. In order to encourage the mobility of women, consideration will be given to:

(i) Developing a system for inter-agency mobility of women staff to increase their experience;

(ii) Facilitation of spouse employment through amending the organizations' staff rules, where necessary;

(iii) Encouraging the further development of spouse employment opportunities which encompass not only the common system and other governmental and inter-governmental organizations, but also, to the extent possible, the non-governmental and multinational sectors, as well as introducing relevant provisions in host country agreements; and organizing efforts in each United Nations location to promote spouse employment, led in the field by Resident Coordinators and in each headquarters city by a lead agency.

6. With respect to the promotion of a supportive work environment and to the fostering of the necessary attitudinal changes, organizations will consider the introduction of measures which would lead to a climate conducive to the equal participation of men and women in the work of the organizations. Such measures would be related *inter alia* to the work/family issues currently under review, such as flexible working hours, part-time work, job-sharing schemes, child care and special leave arrangements.

7. In addition, those organizations which have not already done so are encouraged to introduce appropriate policies and procedures to combat sexual harassment.

8. While the focus of these measures remains the advancement of women at all levels, ACC is conscious that particular attention must be paid to increasing the number of women in senior managerial positions.

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Fourteenth session
Vienna, 26-30 June 1995
Item 7 of the provisional agenda

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE ON THE WORK OF ITS ELEVENTH SESSION

(24-28 April 1995)

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Introduction

1. The Programme and Budget Committee held its eleventh session at UNIDO Headquarters, Vienna International Centre, from 24 to 27 April 1995. The following 26 of the 27 members of the Committee participated in the session: Argentina, Belgium, Benin, Brazil, Bulgaria, China, Denmark, Egypt, France, Germany, Hungary, India, Indonesia, Italy, Japan, Madagascar, Mexico, Morocco, Nigeria, Republic of Korea, Russian Federation, Saudi Arabia, Switzerland, Trinidad and Tobago, United Kingdom of Great Britain and Northern Ireland and United States of America.

2. The following 51 Members of UNIDO also attended the session: Algeria, Angola, Australia, Austria, Belarus, Bolivia, Bosnia and Herzegovina, Cameroon, Chile, Colombia, Costa Rica, Croatia, Cuba, Czech Republic, Democratic People's Republic of Korea, Ecuador, Ethiopia, Finland, Greece, Iran (Islamic Republic of), Iraq, Ireland, Jordan, Kuwait, Lebanon, Lithuania, Luxembourg, Netherlands, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Slovakia, Spain, Sudan, Sweden, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Uruguay, Venezuela and Viet Nam.

3. The United Nations Development Programme, United Nations Educational, Scientific and Cultural Organization, World Health Organization, International Organization for Migration and League of Arab States were represented.

4. In accordance with rule 17 of its rules of procedure, the Committee elected by acclamation Mr. T. C. Spencer (Trinidad and Tobago) as Chairman; Mr. I. Petrov (Bulgaria), Mr. A. Schepisi (Italy), and Mr. A. Fitahiantsoa (Madagascar) as Vice-Chairmen; and Mr. B. Balakrishnan (India) as Rapporteur.

5. The agenda for the eleventh session as adopted by the Committee is contained in document PBC.11/1. Following the adoption of the agenda, the Director-General made an introductory statement that was duly taken into account by the Committee in the consideration of the relevant agenda items.

6. The report of the Programme and Budget Committee is submitted to the Industrial Development Board in accordance with Article 10.4 (d) of the Constitution.

7. The report contains the conclusions reached by the Committee. Statements of principle by some delegations wishing to go on record as well as statements made in connection with the adoption of conclusions are included in annex I to the report. Annex II contains a list of documents submitted to the Committee at its current session.

8. The following conclusions of the Committee contain recommendations that call for action by the Board at its fourteenth session or are of relevance to the work of that session:

Conclusion	Subject
Conclusion 95/2	Financial situation of UNIDO
Conclusion 95/3	6 per cent figure set as a regular budget ceiling for technical co-operation activities
Conclusion 95/4	Financial situation of UNIDO; Interim financial performance report for the biennium 1994-1995
Conclusion 95/5	Interim financial performance report and programme performance report for the biennium 1994-1995
Conclusion 95/7	Recommendations for appointment of an External Auditor
Conclusion 95/8	Programme and budgets, 1996-1997
Conclusion 95/9	Scale of assessments for apportionment of the regular budget expenses
Conclusion 95/10	Working Capital Fund for the biennium 1996-1997
Conclusion 95/11	Review of the UNIDO Country Director programme and the proposal of a new framework for field representation
Conclusion 95/12	Industrial Development Fund
Conclusion 95/13	Electronic data-processing programme

I. ORGANIZATIONAL MATTERS

9. On 24 April, the Committee considered a proposal by the Chairman to optimize the *utilization of available conference-servicing resources* and adopted the following conclusion:

Conclusion 95/1

The Committee, with the aim of utilizing the available conference-servicing resources to the maximum extent possible, decided to suspend with immediate effect rule 24 of its rules of procedure relating to the quorum, for the meetings of its eleventh session only, provided no substantive decisions were taken at those meetings.

10. The Committee also decided to set up informal in-session consultations with the aim of facilitating the drafting of conclusions and entrusted Mr. A. Schepisi (Vice-Chairman) to chair those consultations.

II. FINANCIAL SITUATION OF UNIDO (item 4); INTERIM FINANCIAL PERFORMANCE AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1994-1995 (item 5); RECOMMENDATIONS FOR APPOINTMENT OF AN EXTERNAL AUDITOR (item 10)

11. On 24 and 25 April, the Committee considered a report by the Director-General on the financial situation of UNIDO (PBC.11/7) updated in conference room paper PBC.11/CRP.4; a study submitted by the Director-General on the 6 per cent figure set as a regular budget ceiling for technical cooperation activities (PBC.11/9); the interim financial performance report for the biennium 1994-1995 submitted by the Director-General (PBC.11/8 and Corr.1); and the interim programme performance report for the biennium 1994-1995, as contained in the addendum to the Annual Report, 1994 (PBC.11/10/Add.1 and Corr.1);

12. On 27 April, after consideration of a draft conclusion on the *financial situation of UNIDO* submitted by the Chairman (PBC.11/L.4), the Committee adopted the following conclusion:

Conclusion 95/2

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the report of the Director-General on the financial situation of UNIDO (PBC.11/7), containing information concerning the status of assessed contributions, advances to the Working Capital Fund, cash flow estimates, regular budget performance, revised appropriations for the 1994-1995 biennium, proposals on operational budget reserves and the treatment of new Member State income;

"(b) Urges those Member States that have not yet paid their assessed regular budget contributions, including advances to the Working Capital Fund, for the bienniums 1986-1987 to 1994-1995 to do so without delay;

"(c) Takes note of the proposals on the operational budget reserve and approves the proposals of the Director-General: (i) to fix the operating reserve for the biennium 1996-1997 at $4.3 million, representing 15 per cent of the estimated operational budget expenditures for that biennium; and (ii) to endeavour to restore the reserve to that level as soon as possible;

"(d) Takes note of the comments outlined in chapter V of document PBC.11/7 on the treatment of new Member State income and approves the application of those procedures for the 1992-1993 and future bienniums."

13. On 27 April, after consideration of a draft conclusion on the *6 per cent figure set as a regular budget ceiling for technical cooperation activities* submitted by the Chairman (PBC.11/L.10), the Committee adopted the following conclusion:

Conclusion 95/3

The Programme and Budget Committee:

(a) Recalled Board decision IDB.13/Dec.14;

(b) Took note of the information contained in document PBC.11/9;

(c) Emphasized the importance of increasing and better utilizing the resources for technical cooperation activities of UNIDO;

(d) Requested the Director-General to submit to the fourteenth session of the Industrial Development Board a report on the implications of possibly changing the present percentage of regular budget resources for technical cooperation activities, keeping in mind paragraph 33 of document PBC.11/9;

(e) Proposed that the Industrial Development Board recommend to the sixth session of the General Conference any appropriate measures on the subject for consideration.

14. On 27 April, after consideration of a draft conclusion on the *financial situation of UNIDO and the interim financial performance report for the biennium 1994-1995* submitted by the Chairman (PBC.11/L.13), the Committee adopted the following conclusion:

Conclusion 95/4

The Programme and Budget Committee:

(a) Took note of the report of the Director-General on the financial situation of UNIDO (PBC.11/7) and the interim financial performance report for the biennium 1994-1995 (PBC.11/8 and Corr.1);

(b) Recommended that the Industrial Development Board at its fourteenth session consider the question of treatment of the unutilized balances with respect to the biennium 1992-1993, as reported in document PBC.11/8 and Corr.1, Statement II.B, taking into account the importance of strengthening the statutory cash base of the Organization.

15. On 27 April, after consideration of a draft conclusion on the *interim financial performance report and programme performance report for the biennium 1994-1995* submitted by the Chairman (PBC.11/L.3), the Committee adopted the following conclusion:

Conclusion 95/5

The Programme and Budget Committee:

(a) Took note of the interim financial performance report for the biennium 1994-1995 submitted by the Director-General (PBC.11/8 and Corr.1) and the Annual Report of UNIDO, 1994 (PBC.11/10; PBC.11/10/Add.1 and Corr.1);

(b) Requested the Director-General to reflect information on trust fund contributions from Member States in the programme performance report to the Industrial Development Board at its next session.

16. On 27 April, after consideration of a draft conclusion on the *financing of the UNIDO Country Director programme* submitted by the Chairman (PBC.11/L.12), the Committee adopted the following conclusion:

Conclusion 95/6

The Programme and Budget Committee:

(a) Took note of the interim financial performance report for the biennium 1994-1995 (PBC.11/8 and Corr.1);

(b) Invited the Executive Board of the United Nations Development Programme and of the United Nations Population Fund at its 1995 annual session to accede to the request of UNIDO for additional financial contributions by the United Nations Development Programme to the UNIDO Country Director programme in 1997 as a bridging measure to reach the end of the UNIDO biennial budgetary period 1996-1997.

17. On 27 April, after consideration of a draft conclusion on the *recommendations for appointment of an External Auditor* submitted by the Chairman (PBC.11/L.2), the Committee adopted the following conclusion:

Conclusion 95/7

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Recommends that the General Conference approve an extension of the present appointment of the President of the Federal Court of Audit of Germany as the External Auditor of UNIDO for a period of two years, from 1 July 1996 to 30 June 1998, under the terms of reference specified in the Financial Regulations of UNIDO;

"(b) Requests the Director-General, in future, to invite proposals from Member States for the appointment of an External Auditor and to submit such proposals to the Programme and Budget Committee for consideration."

III. PROGRAMME AND BUDGETS, 1996-1997 (item 6); SCALE OF ASSESSMENTS FOR APPORTIONMENT OF THE REGULAR BUDGET EXPENSES (item 7); WORKING CAPITAL FUND FOR THE BIENNIUM 1996-1997 (item 8)

18. On 25 April, the Committee considered the proposals of the Director-General for the programme and budgets, 1996-1997 (PBC.11/2 and Corr.1) supplemented by a conference room paper on focusing of UNIDO activities submitted by the Director-General (PBC.11/CRP.3) and a conference room paper containing a note by the Secretariat on revaluation and inflation in the regular budget, 1996-1997 (PBC.11/CRP.2); a note by the Secretariat on the scale of assessments for the fiscal period 1996-1997 (PBC.11/5 and Add.1); proposals by the Director-General for the Working Capital Fund for the biennium 1996-1997 (PBC.11/3); and a report by the Director-General on the financial situation of UNIDO

containing the status of advances to the Working Capital Fund as of 28 February 1995 (PBC.11/7, annex II) updated in conference room paper PBC.11/CRP.4, annex II.

19. On 27 April, after consideration of a draft conclusion on the *programme and budgets, 1996-1997* submitted by the Chairman (PBC.11/L.7), the Committee adopted the following conclusion:

Conclusion 95/8

The Programme and Budget Committee:

(a) Having considered the proposals of the Director-General for the programme of work for the 1996-1997 biennium and the corresponding total resource requirements by major programme to be financed from the regular and operational budgets as contained in document IDB.14/2-PBC.11/2 and Corr.1;

(b) Noted that the exchange rate applied in those estimates was US$ 1 = AS 12.90 for the regular and operational budgets and that those estimates would be adjusted to take account of the United Nations accounting rate of exchange prior to the end of the sixth session of the General Conference;

(c) Recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(i) Adopts for submission to the General Conference for consideration and approval the programme and budgets for 1996-1997 as contained in document IDB.14/2- PBC.11/2 and Corr.1;

"(ii) Recommends to the General Conference the approval on the basis of an exchange rate of US$ 1 = AS 12.90 of appropriations in the amount of $238,819,300 for the regular budget of the Organization in 1996-1997 as reflected in the following table:

	Appropriations	Estimated income (in US dollars)	Net requirements
Policy-making Organs	7,975,400		7,975,400
General Management	13,367,000		13,367,000
Country Strategy and Programme Development	22,681,700		22,681,700
Mobilization and Management of Financial Resources	8,138,200		8,138,200
Information and Research	16,442,900		16,442,900
Human Resource, Enterprise and Private Sector Development	12,495,400		12,495,400
Industrial Sectors and Environment	19,936,400		19,936,400
Investment and Technology Promotion	16,032,500		16,032,500
Common Programmes	19,783,300		19,783,300
Operational Support Services	8,940,800		8,940,800
Joint and Common Services	56,194,300	27,268,600	28,925,700
Administration	36,831,400	755,500	36,075,900
Miscellaneous Income		1,605,400	(1,605,400)
Total	**238,819,300**	**29,629,500**	**209,189,800**

Note: The amounts presented in the table are to be adjusted in accordance with the adjustment formula presented at the end of the present decision to take account of exchange rate variations during the biennium.

"(iii) Also recommends to the General Conference that the foregoing net requirements be financed from payments of contributions by Member States under the provisions of financial regulation 5.5(e), amounting to $209,189,800 at an exchange rate of US$ 1 = AS 12.90 ($25,102,800 plus the equivalent in US$ of AS 2,374,722,300) in accordance with decisions to be adopted by the General Conference at its sixth session concerning the scale of assessments;

"(iv) Further recommends to the General Conference the approval of estimates of expenditure totalling $28,809,900 at an exchange rate of US$ 1 = AS 12.90 for the purpose of the operational budget for the biennium 1996-1997 to be financed from voluntary contributions and such other income as might be provided for in the financial regulations.

Adjustment formula in US dollars

Appropriations	US dollars	Austrian schillings
Policy-making Organs	459,700	96,952,200 /R
General Management	1,540,100	152,566,500 /R
Country Strategy and Programme Development	2,526,100	260,007,700 /R
Mobilization and Management of Financial Resources	963,500	92,553,600 /R
Information and Research	2,153,700	184,331,000 /R
Human Resource, Enterprise and Private Sector Development	1,574,600	140,878,300 /R
Industrial Sectors and Environment	2,472,800	225,280,100 /R
Investment and Technology Promotion	2,307,300	177,054,900 /R
Common Programmes	4,545,300	196,570,200 /R
Operational Support Services	760,000	105,532,500 /R
Joint and Common Services	3,292,600	682,432,400 /R
Administration	4,445,000	417,784,500 /R
Subtotal - Appropriations	27,040,700	2,731,943,900 /R
Estimated income		
Joint and Common Services	1,211,000	336,143,100 /R
Administration	28,100	9,383,300 /R
Miscellaneous	698,800	11,695,200 /R
Subtotal - Estimated income	1,937,900	357,221,600 /R
TOTAL NET REQUIREMENTS	**25,102,800**	**2,374,722,300 /R**

Note 1: The net requirements shown above assume a ratio of 12 per cent in US dollars and 88 per cent in Austrian schillings at an exchange rate of US$ 1 = AS 12.90.

Note 2: R represents the average United Nations exchange rate for Austrian schilling to US dollar which will be experienced during 1996-1997."

20. On 27 April, after consideration of a draft conclusion on the *scale of assessments for apportionment of the regular budget expenses* submitted by the Chairman (PBC.11/L.5), the Committee adopted the following conclusion:

Conclusion 95/9

The Programme and Budget Committee:

(a) Took note of documents PBC.11/5 and Add.1 on the scale of assessments for the fiscal period 1996-1997;

(b) Recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board recommends to the General Conference the establishment of a scale of assessments for the 1996-1997 biennium based on General Assembly resolution 49/19B to be adjusted to the membership of UNIDO, on the understanding that, in accordance with financial regulation 5.6, new Members shall be assessed for the year in which they become Members on the basis of the United Nations scale of assessment as applicable to UNIDO."

21. On 27 April, after consideration of a draft conclusion on the *Working Capital Fund for the biennium 1996-1997* submitted by the Chairman (PBC.11/L.6), the Committee adopted the following conclusion:

Conclusion 95/10

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Recommends to the General Conference that the level of the Working Capital Fund and the authorized purposes of the Fund for the 1996-1997 biennium remain the same as for the 1994-1995 biennium, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b);

"(b) Urges Member States to pay their outstanding assessed contributions as soon as possible to minimize the need to withdraw sums to meet shortfalls in the payment of assessed contributions."

IV. REVIEW OF UNIDO COUNTRY DIRECTOR PROGRAMME AND THE PROPOSAL OF A NEW FRAMEWORK FOR FIELD REPRESENTATION (item 11)

22. On 25 April, the Committee considered the review of the UNIDO Country Director programme and the proposal of a new framework for field representation submitted by the Director-General (PBC.11/11).

23. On 27 April, after consideration of a draft conclusion on the *review of the UNIDO Country Director programme and the proposal of a new framework for field representation* submitted by the Chairman (PBC.11/L.11), the Committee adopted the following conclusion:

Conclusion 95/11

The Programme and Budget Committee

(a) Took note of document PBC.11/11 submitted by the Director-General concerning the UNIDO Country Director programme and proposals for a new framework for field representation;

(b) Encouraged the Director-General to continue his efforts to achieve an appropriate degree of decentralization of the Organization within available resources, mainly from the regular budget;

(c) Stressed the desirability for stronger support by UNIDO to regional as well as subregional intergovernmental economic cooperation schemes among developing countries and for responding to their increasing demands for UNIDO services in the field of industry through, *inter alia*, establishing appropriate subregional offices of UNIDO;

(d) Requested the Director-General to present to the fourteenth session of the Industrial Development Board for its consideration a more elaborated and revised version of his proposal, in consultation with Member States and taking into account the financial situation of UNIDO.

V. INDUSTRIAL DEVELOPMENT FUND (item 9)

24. On 26 April, the Committee considered a report by the Director-General on the Industrial Development Fund containing the estimated resource level and programming thrust for 1996 and 1997 (PBC.11/6); information on the

nature of projects financed from the Industrial Development Fund, contained in the Annual Report of UNIDO, 1994 (PBC.11/10/Add.1, appendix C); and a conference room paper listing the projects approved under the Industrial Development Fund in 1994 (PBC.11/CRP.1).

25. On 27 April, after consideration of a draft conclusion on the *Industrial Development Fund* submitted by the Chairman (PBC.11/L.8), the Committee adopted the following conclusion:

Conclusion 95/12

The Programme and Budget Committee recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Recalls the Yaounde Declaration (GC.5/Res.20) as well as decision IDB.13/Dec.17 on the Industrial Development Fund (IDF);

"(b) Takes note of the report of the Director-General contained in document IDB.14/5-PBC.11/6;

"(c) Approves the action plan for 1996 and 1997 as contained in chapter II of that document;

"(d) Decides to delegate authority to the Director-General to approve projects for financing under the Fund in 1996 and 1997 in accordance with the priority areas of the medium-term plan;

"(e) In reiterating General Conference resolution GC.5/Res.8, encourages Member States:

"(i) To increase their IDF pledges to ensure that the desirable annual funding level of $50 million be reached as soon as possible through contributions by Governments;

"(ii) To provide part of their contributions to the general-purpose convertible segment of the Fund so that a minimum annual level of $10 million can be achieved for that segment as soon as possible;

"(iii) To consider providing umbrella contributions for financing preparatory assistance of large-scale activities and/or contributions towards the 1996-1997 priority programmatic themes."

VI. ELECTRONIC DATA-PROCESSING PROGRAMME (item 12)

26. On 26 April, the Committee considered a report by the Director-General on the electronic data-processing programme (PBC.11/4).

27. On 27 April, after consideration of a draft conclusion on the *electronic data-processing programme* submitted by the Chairman (PBC.11/L.9), the Committee adopted the following conclusion:

Conclusion 95/13

The Programme and Budget Committee:

(a) Took note of document PBC.11/4 on the electronic data-processing programme;

(b) Recommended to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(i) Recalls GC.4/Dec.18 which, *inter alia*, requested the Director-General to keep Member States fully apprised of the electronic data-processing programme by quarterly briefings and to report to the subsequent sessions of the policy-making organs on the programme;

"(ii) Considers that such quarterly briefings are no longer necessary and that the electronic data-processing programme need no longer automatically feature on the agendas of subsequent sessions of the policy-making organs, in the interests of rationalizing the work of the policy-making organs;

"(iii) Recommends to the General Conference that it rescind the above-mentioned mandatory reporting requirements it imposed on the Director-General in paragraphs (h) and (i) of decision GC.4/Dec.18.";

(c) Requested the Director-General to submit information to the Industrial Development Board on the modalities of establishing electronic networking arrangements between UNIDO and the Permanent Missions in Vienna.

VII. DATE OF THE TWELFTH SESSION (item 13)

28. On 27 April the Committee, in agreement with a proposal of the Chairman, adopted the following conclusion:

Conclusion 95/14

The Programme and Budget Committee decided to hold its twelfth session from 2 to 6 September 1996.

VIII. ADOPTION OF THE REPORT AND CLOSURE OF THE ELEVENTH SESSION (items 14 and 15)

29. On 27 April the Committee adopted the draft report of its eleventh session (PBC.11/L.1) on the understanding that the Rapporteur would be entrusted with the task of finalizing the report.

30. The Committee closed its eleventh session at 4.40 p.m. on 27 April 1995.

Annex I

STATEMENTS BY DELEGATIONS

1. The present annex contains statements of principle and statements connected with the adoption of conclusions delivered by delegations during the eleventh session of the Programme and Budget Committee; these statements have been included at the request of the delegations concerned and as agreed to by the Chairman.

Financial situation of UNIDO (item 4)

2. The delegation of the **United States of America** said that, while not blocking consensus, it expressed its reservation on conclusion 95/2 for the reasons explained in its opening statement at the second plenary meeting.

Financial situation of UNIDO (item 4) and interim financial performance report and programme performance report for the biennium 1994-1995 (item 5)

3. Speaking on behalf of the **Group of 77**, the delegation of Sudan said that the Group had submitted a very reasonable draft conclusion that would allow the non-budgetary allocation of the unutilized balance of about US$ 14.7 million to strengthen the statutory cash base of the Organization. In the spirit of compromise, the Group had not insisted on the adoption of its proposals, but hoped that the Industrial Development Board would make a clear decision on that important matter. The Group supported the argument that suspension of specific financial regulations should not constitute a precedent and become a practice, but as long as the financial situation of UNIDO had not improved to a satisfactory level and the cash base of the Organization was not stabilized, such a decision would be the only remaining option. Based on the information received from the Secretariat during informal consultations and taking into account the statements made by some Member States during the plenary with respect to the payment of their assessed contributions, it appeared that despite the current improvement in the rate of collection, the situation would not be so hopeful in the near future. As indicated by the Secretariat, in these uncertain circumstances, it would not be possible to plan even the daily activities of the Organization for the current year. By not suspending that financial regulation, the unutilized balances would revert to the Member States. Those sums would not be much for each of them, but altogether would constitute a considerable amount that would strengthen the cash flow of the Organization and facilitate the implementation of its planned activities. As suggested in the Group's draft, it could also be used for other purposes that the Member States may approve, such as the new field representation programme of UNIDO. The Group hoped that the Industrial Development Board would consider the subject as a matter of urgency calling for prompt action and for that reason it reserved its right to submit its proposals to the Board.

Interim financial performance report and programme performance report for the biennium 1994-1995 (item 5)

4. The delegation of **Denmark** said that, in connection with the adoption of conclusion 95/6 on financing of the UNIDO Country Director programme, it assumed that the contents of subparagraph (b) should not be interpreted as an attempt to prejudge the discussions in the Executive Board of the United Nations Development Programme and of the United Nations Population Fund.

Programme and budgets, 1996-1997 (item 6)

5. The delegation of the **United States of America** said that, while not blocking consensus, it expressed its reservations on conclusion 95/8 for the reasons explained in its opening statement at the second plenary meeting.

Working Capital Fund for the biennium 1996-1997 (item 8)

6. The delegation of the **United States of America** said that, while not blocking consensus, it expressed its reservation on conclusion 95/10 for the reasons explained in its opening statement at the second plenary meeting.

Review of UNIDO Country Director programme and the proposal of a new framework for field representation (item 11)

7. The delegation of the **United States of America** said that, while not blocking consensus, it expressed its reservation on conclusion 95/11 for the reasons explained in its opening statement at the second plenary meeting.

8. Speaking on behalf of the **Group of 77**, the delegation of Sudan said that with regard to conclusion 95/11, the Group believed that, based on the principle of decentralization of UNIDO's activities - a concept

supported by all Member States as part of the reform process - UNIDO should strengthen its field representation at country, subregional and regional levels to respond effectively and efficiently to the increasing demands for its services in the developing countries. The present UNIDO Country Director programme was neither well equipped nor sufficient in number to meet the new challenges in the field. Even the target of 50 Country Director posts had not yet been achieved due to the lack of financial resources. For those reasons, both the Committee and the Industrial Development Board at the preceding sessions had emphasized the importance of establishing a sound financial basis for the programme and the need to take urgent and effective measures on the matter based on the new framework that the Director-General was requested to submit. The Group strongly believed that the proposal of the Director-General for a new framework for field representation as contained in document PBC.11/11, his suggestion to use $10 million of the unutilized balances from the 1992-1993 biennium as an initial funding for field representation as well as his intention to establish a field representation fund met the desires of Member States and fitted within the reform process of UNIDO. The Group was still of the conviction that a decision on the subject should have been made at the current session of the Committee on the basis of those proposals. However, in view of reaching a compromise, it had not insisted on its own draft conclusion. The Group hoped that a constructive decision could be made on the subject at the fourteenth session of the Industrial Development Board.

Other statements

9. Speaking on behalf of the **Latin American and Caribbean Group**, the delegation of Paraguay said that the discussions during the current session had confronted the Committee with a paradox. While enjoying *for the time being* a relatively satisfactory situation as regards the financial resources intended for the operation of the Organization, the funding intended for projects through the Industrial Development Fund - which was made up of voluntary contributions - had not reached the level desired in spite of efforts made by the Secretariat and the support provided by a number of countries. In referring to the relative financial stability, he wished to emphasize the words *for the time being*, since the Group had observed with concern that the apparent stability might come up against serious difficulties in the short and medium term. The Group noted that although the Yaoundé Declaration emphatically stated that Member States had committed themselves firmly to renew their political and financial support to the revitalized UNIDO, the hoped-for response had not materialized. Faced by the growing gap between the tasks of UNIDO and the resources available for their execution, the Group reiterated the importance which it attached to achieving the Organization's purposes, and called upon all Member States to cooperate to that end.

10. Speaking on behalf of the **African Group**, the delegation of Morocco said that it had taken note of the explanations furnished by the Secretariat regarding the implementation of the Africa Programme and of the Second Industrial Development Decade for Africa. Based on the incomplete and unsatisfactory information concerning the implementation of the Second IDDA and taking into account the failure of the first Decade, the Group expressed the wish that increased importance be given to that programme. The Group further reiterated the request that the Secretariat carry out a complete and exhaustive evaluation of the progress achieved in the implementation of the Second Decade. The assessment to be prepared should be more complete than the information provided to the current session, which was of a general nature. The Group would return to the matter at the fourteenth session of the Industrial Development Board.

Annex II

LIST OF DOCUMENTS SUBMITTED TO THE ELEVENTH SESSION

Symbol	Agenda item	Title
PBC.11/1	3	Provisional agenda
PBC.11/1/Add.1	3	Annotated provisional agenda
PBC.11/2 IDB.14/2 and Corr.1	6	Programme and budgets, 1996-1997. Proposals of the Director-General
PBC.11/3 IDB.14/3	8	Working Capital Fund for the biennium 1996-1997. Proposals by the Director-General
PBC.11/4	12	Electronic data-processing programme. Report by the Director-General
PBC.11/5 IDB.14/4 and Add.1	7	Scale of assessments for the fiscal period 1996-1997. Note by the Secretariat
PBC.11/6 IDB.14/5	9	Industrial Development Fund. Estimated resource level and programming thrust for 1996 and 1997. Report by the Director-General
PBC.11/7	4	Financial situation of UNIDO. Report by the Director-General
PBC.11/8 and Corr.1	5	Interim financial performance report for the biennium 1994-1995. Submitted by the Director-General
PBC.11/9 IDB.14/6	4	Report on the 6 per cent figure set as a regular budget ceiling for technical cooperation activities. Submitted by the Director-General
PBC.11/10 IDB.14/10	5	Annual Report of UNIDO, 1994
PBC.11/10/Add.1 IDB.14/10/Add.1 and Corr.1	5	Annual Report of UNIDO, 1994. Interim programme performance report for the biennium 1994-1995
PBC.11/11	11	Review of UNIDO Country Director programme and the proposal of a new framework for field representation. Submitted by the Director-General
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PBC.11/CRP.1	9	Lists of projects approved under the Industrial Development Fund (IDF) in 1994. Prepared by the Secretariat
PBC.11/CRP.2	6	Programme and budgets, 1996-1997. Revaluation and inflation in the regular budget, 1996-1997. Note by the Secretariat
PBC.11/CRP.3	6	Programme and budgets, 1996-1997. Focusing of UNIDO activities. Submitted by the Director-General
PBC.11/CRP.4	4	Financial situation of UNIDO. Update of document PBC.11/7. Note by the Secretariat
PBC.11/CRP.5	-	List of participants